1
AUDIT SERVICES BRANCH REPORT

The Audit Committee recommends:

1. **Receipt of the private attachment (Tables C and D of Attachment 3); and**

2. **Adoption of the recommendation contained in the following report dated January 18, 2011, from the Director of Audit Services.**

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides an update on the activities of the Audit Services Branch since the last Audit Committee meeting.

Attachment 3, Tables C and D, follow-up of outstanding audit points from the Wireless Security audit report are private attachments as they address concerns the security of the property of the Region.

3. BACKGROUND

On October 11, 2000, the Audit Committee approved the development of the Audit Services function through the report of the Chief Administrative Officer. The Audit Committee Charter indicates Audit Committee is to meet at least twice a year. In practice, the Audit Committee usually meets three times a year to receive updates on the activities of the Audit Services Branch.

4. ANALYSIS AND OPTIONS

Audit Plan Execution

The Audit Services Branch has been actively executing the approved Three Year Audit Plan and other consulting engagements on *Attachment 1*. A summary of the activities since the previous Audit Committee meeting is outlined in *Attachment 2*.

Audit Reports Issued

The audit reports issued since the last Audit Committee meeting are:

- Outstanding Audit Recommendations Follow Up for December 2010 Audit Report (*Attachment 3*)

- C&HS Housing Administration Audit Report
  (Attachment 4)
- Corporate Services – Court Services North Audit Report
  (Attachment 5)

5. FINANCIAL IMPLICATIONS

None.

6. LOCAL MUNICIPAL IMPACT

None

7. CONCLUSION

A follow up of outstanding audit recommendations for audit reports issued prior to December 31, 2010 indicates that management remains cognisant and active in implementing Audit Services recommendations.

Audit Services continues to work with Region management at all levels to provide them with an independent, objective assurance and consulting activity designed to add value and improve the Region's operations. Audit Services does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes through guidance provided by the International Standards for the Professional Practise of Internal Auditing

(The five attachments referred to in this clause were included in the agenda for the February 3, 2011 meeting.)

(The private attachment (Tables C and D of Attachment 3) referred to in this clause were included in the agenda for the February 3, 2011 meeting.)

ATTACHMENT 1

Process / Project	Nature of Work	Year 2009	Year 2010	Year 2011	Total Hours Per Project	% of Total Hours per Year
Planning & Development						
Infrastructure Planning - Roads and Water&Watestewater	Audit	115	140		255	2.4%
Total Hours Spent in Department					255	2.4%
Finance & IT						
Capital Asset Management	Advisory	70			70	0.7%
Electronic Documents Management System	Advisory	35	35	35	105	1.0%
Computer Technology Review Committee	Advisory	60	60	60	180	1.7%
Captial Assets Management	Audit			120	120	1.1%
Revenue Sources	Audit		280		280	2.6%
Procurement Card	Audit		180		180	1.7%
Accounts Payable & Procurement - Substantive	Audit	560			560	5.2%
Efficiency & Effectiveness of Procurement & AP Process	Audit			560	560	5.2%
Treasury	Audit		140		140	1.3%
IT Services - Network Security Assessment	Audit	140			140	1.3%
IT Services - PCs - From Leasing to Purchasing	Audit		140		140	1.3%
IT Services - Converged Network	Audit			140	140	1.3%
IT Services - FTP	Audit			140	140	1.3%
Total Hours Spent in Department					2,755	25.8%
Community & Health Services						
Long Term Care - Accreditation Process	Advisory			70	70	0.7%
Technology Support	Audit	140			140	1.3%
Housing Provider Subsidy Administration	Audit	140			140	1.3%
Rent Subsidy Program	Audit			140	140	1.3%
LTC Operations Facility Support & Res. Services	Audit		280		280	2.6%
Finance Assistance	Audit			140	140	1.3%
Employment Assistance	Audit		185		185	1.7%
EMS - Paramedic Operations	Audit	210			210	2.0%
Infectious Diseases Control	Audit			140	140	1.3%
Total Hours Spent in Department					1,445	13.5%
Environmental Services						
Operations Maintenance & Monitoring	Audit		280		280	2.6%
Capital Planning & Delivery	Audit			140	140	1.3%
Regulatory Compliance	Audit	200			200	1.9%
Duffin Plant Operating Agreement	Audit		185		185	1.7%
Dongara Central Compliance	Audit			140	140	1.3%
Water Rates Review	Consulting	140			140	1.3%
Total Hours Spent in Department					1,085	10.2%
Transporation Services						
Capital Planning & Delivery	Audit		280		280	2.6%
YRT - Cash Collection - Coin Contract	Audit		185		185	1.7%
YRT - Contracts - Conventional & Mobility	Audit			140	140	1.3%
YRT - 8300 Keele Operations Facility	Audit			140	140	1.3%
YRT - DPI & Byte Media Contract Review	Audit			140	140	1.3%
Operations & Safety	Audit	280			280	2.6%
Total Hours Spent in Department					1,165	10.9%
Corporate & Legal Services						
Records Information Management	Advisory	35	35	35	105	1.0%
Property Management	Audit	140			140	1.3%
Human Resources - Staffing,	Audit			115	115	1.1%
Court Administration - North	Audit	140			140	1.3%
Total Hours Spent in Department					500	4.7%
Chief Administrative Officer						
Business Continuity / Emergency Planning Comm.	Advisory	35	35	35	105	1.0%
Audit Plan Update	Consulting	-	-	70	70	0.7%
Outstanding Recommendations Follow-up	Audit	140	140	140	420	3.9%
Management Requests	Various	420	420	420	1,260	11.8%
Forensic Reviews	Various	560	560	500	1,620	15.2%
Total Hours Spent in Department					3,475	32.5%
	Total Hours per Year	3,560	3,560	3,560	10,680	100.0%

ATTACHMENT 2

AUDIT SERVICES BRANCH ACTIVITIES

Project Name	Status
1. C&HS Housing Subsidies Audit Report	➢ Completed
2. Corporate Services - Court Services North Audit Report	➢ Completed
3. Outstanding Audit Recommendations Follow-up December 2010	➢ Completed
4. Roads – Operations & Safety Audit	➢ Reporting
5. Process review – Surplus Stock – Management Consulting	➢ Completed
6. Management request to review YRT Vault access	➢ Reporting
7. Management request contract compliance audit- Georgina Transit	➢ In progress
8. Management request – Review of policy changes for LTC	➢ In progress
9. Various Investigations	➢ In progress
10. Various Fairness Monitoring Projects	➢ In Progress
11. Dongara Contract Compliance Audit	➢ In Progress
12. YRT – SW Facility Audit	➢ Planning
13. Enterprise Resource Program Group (Peoplesoft)	➢ Advisory role
14. Corporate Technology Review Committee	➢ Advisory role
15. Electronic Document Management System	➢ Advisory role
16. Records and Information Management Group	➢ Advisory role
17. Program Reviews	➢ Member of Steering Committee
18. Outside Organizational work	➢ Vice Chair, Municipal Internal Auditors Association ➢ Board Member & Past Chair, Canadian Association of Local Government Auditors ➢ Board Members & Past Treasurer, Canadian Association of Local Government Auditors ➢ Association of Local Government Auditors Peer Review Team Member

Outstanding Audit Recommendations Follow Up Audit Report

February 2011

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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 June 2010.
2. Any new audit report recommendations issued up to and including December 31, 2010.

There were 43 audit recommendations originally issued through the four audit reports currently on our list for follow up. Prior to this review, 22 audit recommendations, or 51% had been implemented. From the remaining 21 recommendations, 9 have been implemented. At December 31, 2010, 12 recommendations, or 28% of the original 43 recommendations issued have been implemented.

For a detailed summary of audit reports followed up and recommendations issued, completed and outstanding, please refer to section 4.0. Additional detail is available upon request from the Director, Audit Services**.**

2.0 Introduction

As part of our 2010 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 June 2010 audit recommendations follow up audit report, and all new recommendations issued in audit reports up to and including December 31, 2010.

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 December 31, 2010 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 next reporting due to Audit Committee in June 2011.

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 December 31, 2010.

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 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. *(In camera)*
- Table D is a summary of outstanding audit recommendations which were originally presented in camera and followed-up for this review. *(In camera)*

TABLE A - Summary of Outstanding Audit Recommendations Follow up as at December 31, 2010

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
Finance - Payroll	6	5	0	1	17%	Oct-07	Nov-07
Fleet Audit - Corporate Level	8	6	0	2	25%	Apr-05	Jun-05
W&Ww Capital Delivery – Planning & Development	21	9	5	7	33%	Sep-09	Nov-09
Procurement & Accounts Payable – Financial Services	8	2	4	2	25%	Apr-10	Jun-10
Results for February 2011	**43**	**22**	**9**	**12**	**28%**		

TABLE B – Mid-level Summary of Outstanding Audit Recommendations as at December 31, 2010

Audit Report	Recommendation	Management response	Original due date	Current due date
Finance				
Finance – Payroll	4.5 TEAMS interface with Time & Labour, periodic password change requirements, manual time sheet systems should be automated.	Interface process and successful load of hours from TEAMS into Time & Labour is complete. Rules and processes being developed to ensure data accuracy. This will serve as a basis for Schedulesoft implementation with Long-Term Care. EMS has placed development for this module on hold, although EMS still intends to use it.	Q1 2008	Q3 2011
Fleet – Corporate	1.0 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.	The Draft Corporate Fleet Policy has gone through a number of revisions to address Legal and HR concerns. Legal to draft wording of 'non compliance' section. HR and Legal are drafting recommendations from the Employees Union. Ownership of fleet procedures at the departmental level was transferred to the Fleet Managers Group in 2008.	Q1 2005	Q2 2011
Fleet – Corporate	3.0 Periodic driver abstract collection.	This procedure is an appendix to the Corporate Fleet policy. A pilot of the Motor Vehicle Registration process worked without issue. Legal and HR have issues re privacy and are drafting recommendations based on their research and feedback from the Employees Union.	Q4 2005	Q2 2011
Planning &Development				
W&Ww Capital Delivery	4.2 Formalizing roles & responsibilities relating to cross-functional activities between Planning & Development – Infrastructure Planning and Environmental Services – Planning & Capital Delivery	Cross-functional activities have been updated and identified. Consensus on roles and responsibilities of the 51 recommendations for the Water & Wastewater Master Plan has been achieved, with only minor adjustments remaining. This provides input into the roles and responsibilities for cross-functional activities.	Q4 2010	Q2 2011

Audit Report	Recommendation	Management response	Original due date	Current due date
W&Ww Capital Delivery	4.3 Calibration of water modeling software	Both water and wastewater models were determined to require re-calibration. Consultants have been engaged to assist staff in re-calibrating models in 2011. A joint working group has been formed to maintain and update the models as required. Sewage flow monitoring project has been extended to May 2011 to capture more intense storm and snow-melt events. Planning & Development and Capital Planning & Delivery will conduct most of the calibration / validation work in-house.	Q1 / Q3 2010	Q2 2011
Environmental Services				
W&Ww Capital Delivery	5.2 Review of project manager binder and project review log	Unanticipated staffing changes have resulted in a delay to the planned pilot testing and rollout of the Project Phase Audit System within Eclipse. This protocol would facilitate management to sign-off at each project stage and help ensure compliance to the Capital Delivery Improvement Process. The 2011 budget included a submission for additional resources to be allocated to complete implementation of this recommendation.	Q4 2010	Q4 2011
W&Ww Capital Delivery	5.3 Capital Planning & Delivery management consider reviewing scheduling software currently employed in the Region to determine if there may be a more useful human resource allocation application available to them.	CDP Staff are developing a framework to estimate and analyze resource requirements for each type and phase of project. This will allow CPD management to better plan resource loading and allocation to projects. Due to the unanticipated loss of staff the project was delayed. New hired staff are developing an application to be pilot tested in Q2 2011 with roll out anticipated for Q3 2011.	Q1 2011	Q3 2011
W&Ww Capital Delivery	5.6 Implementation of a formal contractor performance evaluation process	The Contractor Performance Evaluation System is in its final stages. Delay was caused to accommodate web based software development and consultation with construction industry stakeholders. Full roll out anticipated by Q2 2011.	Q4 2010	Q2 2011

Audit Report	Recommendation	Management response	Original due date	Current due date
W&Ww Capital Delivery	5.12 Corporate records and records retention compliance	Current Capital Delivery records are coded as per the recently updated by-law classification codes. A full review of Environmental Services - Capital Delivery classification codes has not yet been completed due to staff vacancy in Corporate Services - Records and Information Management. A Records & Information Analyst was recently assigned to perform the review with the anticipated completion date of Q2 2011 for the Capital Delivery review. Environmental Services Office Services will supply staff resources to implement any recommendations.	Q3 2010	Q4 2011
Finance				
W&Ww Capital Delivery	6.1 Clarifying information and maintenance for the Capital Project Status Report	It has become apparent that a number of logistics involved need to be considered due to the Total Project Budget Authority approach. The Capital Project Status report is currently being reviewed.	Q2 2010	Q2 2011
Corporate Services				
W&Ww Capital Delivery	7.1 Creating a Holdback Policy for Construction and Construction Related Activities	Legal Services presented a draft to Senior Management in October 2010. Two staff groups are currently evaluating the risks and associated costs concerning holdbacks for construction related activity.	Q2 2010	Q2 2011
Finance				
Procurement & Accounts Payable	4.2 Formal procedures be developed for the update and maintenance of Notification of Signing Authority Forms	Manual administration of forms will continue until Position Management module in PeopleSoft can be used. Departments are currently updating signing authority forms based on the new policy assigning authority based on position / level.	Q4 2010	Q2 2011
Procurement & Accounts Payable	4.5 Periodic review of purchase orders to identify opportunities for supply / service agreement volume discounts and competitive bidding.	Commodity consolidation will be addressed in the next issue of the Finance - Supplies & Services newsletter, The Addendum.	Q3 2010	Q1 2011

York Region Community and Health Services Housing Administration Audit Report

August 2010

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1.0 Management Summary

We have completed a review of Housing Administration to ensure that funding to housing providers is in compliance with SHRA provisions (calculations and reporting requirements). This included reviewing housing provider files to ensure that budgeted and year end reporting was completed for fiscal 2008, reconciliations were correctly performed and were substantiated with appropriate documentation. Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing.*

We have concluded that controls over the year-end reconciliation of Housing Provider subsidies are adequate. The reconciliation process was well done for the 10 files reviewed, however we did note three opportunities for improvement for management consideration. These areas involve formal documentation of processes and controls in place to review annual budget and actual reconciliation calculations, verification of licensed accountant credentials, and updating to a database system.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this review, please contact the Director, Audit Services.

Audit Services would like to thank the Housing management and staff for their co-operation and assistance during the audit.

2.0 Introduction

Social Housing Administration Services falls under the Housing and Long Term Care branch of Community and Health Services and include:

- Support for and compliance monitoring of 43 social housing providers, including Housing York Inc.
- Provision of funding for those housing providers
- Maintenance of centralized waiting list for subsidized housing in the 43 housing provider communities
- Rent supplement program

The program budget for 2010 totals just over $52 million broken down as follows:
Non-Profit Housing $38M; Rent Supplement $5M; Social Housing Repair and Retrofit Fund $6.5M and the Repair Program $2.5M.

The Region reports to the Province on program compliance annually via the Service Manager Annual Information Return (SMAIR – audited by the Province) and the Federal Information Return (FIR) and Municipal Performance Measures (MPMP).

Annual subsidy estimates for each housing provider are paid out on a monthly basis. At the end of the fiscal year, subsidies are reconciled based on audited financial statements and information packages from each Housing Provider.

3.0 Objectives and Scope

The objectives of the review included ensuring that:

- Budget and year-end documentation to support annual Housing Provider subsidies are received and reconciled
- Agreements with Housing providers are on file and executed.

The objectives of the review were accomplished through:

- Review of 10 Housing Provider files for fiscal 2008
- Review of Housing Rent Supplement & Financial Subsidies process mapping
- Discussion with Housing management and staff
- Review of other documentation as required

Housing Providers under Housing York Inc. were excluded from our testing as separate audits are performed for Housing York Inc.

4.0 Detailed Observations and Recommendations

4.1 Completion of Process Control Mapping

Observation

Process mapping for housing did not include processes and controls for supervisors and management. Documentation of management controls enhances the control environment and helps to ensure that processes and controls are carried out.

Recommendation

Management should ensure that the Housing Rent Supplement & Financial Services binder is updated to include supervisory/management processes and controls.

Management Response

The consultant who prepared the process maps will be asked for a quotation to expand the documents to incorporate supervisory and management functions. Budget permitting management will proceed with the update in 2010.

4.2 Verification of Credentials for Licensed Public Accountants

Observation

There is no verification of credentials of Licensed Public Accountants who audit the Housing Provider financial statements.

Recommendation

Management should verify that individuals signing off on audited Housing Provider financial statements have valid licenses by using the Public Accountants Council for the Province of Ontario website http://www.pacont.org/register/index_new_en.asp.

Management Response

The Supervisor, Housing Funding, has amended the Annual Information Review reconciliation process to include license verification for all audits performed by small firms or independent auditors. *(e.g. Verification will not be required for large, well know firms such as Prentice Yates Clark, Deloitte & Touche, etc.)*

4.3 Manual System Hinders Management Reporting

Observation

Housing Provider information is maintained using numerous excel spreadsheets which do not enable Housing Management to easily extract information in order to manage/administer the portfolio on an ongoing basis. This lack of consolidated reporting capability does not enable management to monitor service level targets, income trends, capital budgets and reserves, vacancy loss, ROI or mortgage renewal or other housing provider deadlines on an ongoing basis. In addition, excel spreadsheets have limited security features which do not ensure integrity of the data.

Recommendation

Management should investigate opportunities for obtaining a database system with reporting capabilities to enable ongoing management reporting as required to enhance management and administration of the housing portfolio.

Management Response

Unlike Ontario Works, which has SDMT and Childcare with OCCMS, social housing has no provincially supported information technology (IT) systems. Social housing needs a software solution with the capacity to administer subsidy programs, track housing provider performance and support asset management. The Region's housing staff previously reviewed the housing IT systems developed by Nipissing and Ottawa but neither could effectively be adapted to meet the Region's needs. No other suitable software packages have been identified.

Service managers across the province have repeatedly raised the need for a social housing IT system with the province and there is hope that the province's own information needs will eventually drive a system development initiative. However, despite a finding from the provincial auditor citing a serious lack of provincial data on the condition of the social housing portfolio the province has not yet engaged in an IT development process.

Developing a sufficiently sophisticated software package specific to the Region's housing portfolio is not cost effective. The City of Ottawa, for example, has spent millions on their system and an investment of that nature would be disproportionate to the size of the Region's portfolio. As an alternative to the current excel based system, in September 2010, management will begin working with Business Operations and Quality Assurance to determine the options for developing a database to manage housing portfolio information. Excel spreadsheets will still be required to manage the social housing program, but a database will support better consolidation and reporting of information.

Original signed by:
Kerry Hobbs
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Original signed by:
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Original signed by:
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General Manager of Housing & Long Term Care

Original signed by:
Adelina Urbanski
Commissioner of Community and Health Services

Corporate Services – Court Services North Audit Report

October 2010

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1.0 Management Summary

We have completed an audit of the operational processes resident at the Corporate Services – Court Services – North (Newmarket) office. Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing.*

We have concluded that improvements are required to ensure that there are management controls in place over the processing and collection of Provincial Offenses Act (POA) and other type fines. Court Services management has been very co-operative and is currently addressing, or planning to address areas where internal controls require improvement. These improvements include clean up and regular actioning of the Suspension Impending accounts, monthly review of bank reconciliations, unmatched payment reports and the "Request for Trial Not Processed Over 120 days" report.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services appreciates the co-operation and assistance provided by the Court Services - North management and staff.

2.0 Introduction

As part of our Audit Plan, the Audit Services Branch performed a review of the processing of POA fines processed through the ICON application at the Court Services – North (Newmarket) office. The Audit Plan, approved by the Audit Committee, is developed annually by the Audit Services Department 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 locate audit resources.

Court Services – Newmarket office experiences a high growth rate in fines processed and collected. When Court Services was downloaded to the Region in 1999 the Ministry of the Attorney General (MAG) recommended an annual workload ratio of 5,000 charges per Court Administration Clerk. The ratio reflected the heavily paper-based nature of the program and gave an indication of the clerical workforce required to move the cases through the system to maintain timely and accurate processing. The present level of activity for Court Administration Clerks in Court Services – Newmarket is estimated to be greater than 10,000 charges annually which is now double the MAG recommended workload. In 2009, the Newmarket Court processed 83,166 charges. For 2010, it is expected that the number of charges will exceed 98,000. The workload associated with working with ICON due to its rigid and limited reporting capabilities may be becoming a concern. During the course of this audit, we noted a couple of instances where lack of time was cited as the reason that some reports had not been acted upon in a timelier fashion.

3.0 Objectives and Scope

The objectives of this engagement included:

- Ensuring that controls over cash receipts and reconciliation to the accounting system are adequate to ensure that revenues are maximized.

The audit objectives were accomplished through:

1. A review of the cash receipts processing and collections.
2. Interviews with appropriate personnel.
3. Detailed testing and review of related documentation.

4.0 Detailed Observations

4.1 Defaulted Accounts not Coded for Suspension per Regional Policy

Observation

As of August 1, 2010 the Newmarket court office showed a balance of $1,546,392 (2116 accounts) in defaulted payments which had not been coded for suspension. Once an account is in default (91 days after the offence date) the MAG sends a listing of accounts with the defaulted status "SI – Suspension Issued" which means that the account is eligible for suspension. Collections sends out courtesy letters to advise clients that their license will be suspended if they do not pay the outstanding balance within 10 days. Four days after that deadline, an e-mail is sent by collections to the Court Administration Manager requesting that they process the identified accounts for suspension. This requires that they pull and stamp the original ticket and change the code to "SS" (Suspension Signed) in the enforcement report. The enforcement report is then downloaded to the Ministry of Transportation who process the suspension. This process is outlined in the "Collection Policy for Provincial Offences Act Defaulted Fines". The processing of license suspensions is an effective way of ensuring that outstanding balances are ultimately collected.

Recommendation

The Court Administration Manager should ensure that the Suspension Impending account balances are reviewed and processed immediately and going forward, are processed in a timely manner to ensure that balances do not accumulate in the future.

The Manager, Business Operations should ensure that Court Administration has a detailed listing to facilitate the clean-up.

The Court Administration Manager and the Manager, Business Operations should meet monthly to review the status of the SI accounts.

Management Response

At the time of this audit, License Suspensions were still part of the heavy workload of Court Administration Clerks (Section 2 of this report speaks to the over-burdening in that area).

In March 2010, Court Services re-structured and created a Business Operations Unit. Effective November 2010, the task of completing License Suspensions was moved to the Business Operations Unit. The Director now receives a standard monthly report on progress directly from the Manager of Business Operations.

We anticipate that by January 31, 2011, all outstanding cases that are flagged as eligible for suspension will have been processed and no backlog will exist.

4.2 Suspense Accounts not Reviewed/Cleared on a Timely Basis

Review of the weekly ICON "Unmatched Payments" reports for the month of August and discussion with individuals responsible for clearing the report, and management indicate that the report is not being reviewed and items are not being cleared on a regular/timely basis. This report reflects payments which have been received, however they have not been applied to a ticket. The reasons for this include; the ticket was paid immediately by the client but the ticket has not yet been entered into ICON, the ticket was paid on-line and the ticket number was incorrectly entered by the client so the system cannot apply it, or paid tickets that are re-opened for appeal, and matters that are in court and the docket has not yet been updated.
Where the ticket number was incorrectly entered by the client on-line, (i.e. a "2" rather than a "z") most of these are quite obvious and are easy to correct. Not correcting these items will result in the item falling into the collection queue. Being proactive in reviewing and clearing suspense accounts will reduce the number of customer calls/complaints when payments have not been applied.

Recommendation

The Manager, Business Operations should ensure that the Unmatched Payment Account Report is actioned weekly and is reviewed and signed off by management.

Management Response

Agreed. The Unmatched Payment Account Report is now actioned daily by staff and signed off by the Manager of Business Operations on a weekly basis.

To reduce input error by defendants making internet payments, our vendor (Paytickets.ca) has been asked to update the on-screen validation to better warn users of their errors.

4.3 Bank Reconciliations are not Reviewed by Management

Observation

Bank reconciliations are not reviewed and signed by management as evidence of review. Review of bank reconciliations by management is a basic control which minimizes the risk or error.

Recommendation

The Manager, Business Operations should review and sign the bank reconciliations monthly to ensure that they are prepared on a timely basis and reconciling items are cleared.

Management Response

Agreed. This responsibility was transferred to the Business Operations Unit in November 2010 and the report is now signed off monthly by the Manager of Business Operations.

4.4 "Request for Trial Not Processed Over 120 Days" Report not Actioned

Observation

Review of the August 31, 2010 "Request for Trial Not Processed Over 120 Days" (RICO 4500) report showed that 70/133 (53%) of the items on the report originated prior to 2010. The purpose of this report is to ensure that requested trial dates are set on a timely basis. If a defendant does not make it to court in a reasonable period of time, they can put forth a Charter Motion due to delay in the administration of justice which may result in the item being thrown out of court. In order to process the items on the report, the original tickets need to be pulled, attached to the report and passed to the Senior Prosecutor who determines whether the item is given a trial date or dismissed. Timely review and actioning of this report helps to ensure that trial dates are set within a reasonable period.

Recommendation

The Manager, Court Administration should assign an individual to work on the RICO 4500 report. Going forward, the RICO 4500 report should be worked monthly on a timely basis, and be reviewed and signed off by management.

Management Response

For various procedural, logistical and public interest reasons, it is not always possible to reach quick decisions on whether a trial notice will be sent or not in a particular case. All busy court offices face this problem, and the Senior Counsel, Prosecutions for York Region has taken the step of bringing it to the attention of the Court of Appeal (R v Vellone, OCA File No. C 50397, filed January 2010).

As soon as judicial direction is received, courts throughout Ontario will need to comply with whatever decision is reached. The timing of the ICON report may need to be adjusted to comply with any new judicial direction.

4.5 Monthly Reconciliations not Reviewed/Signed by Management

Observation

Monthly reconciliations between ICON and the G/L showed small differences ($20 in March and $425 in April) in 2of the 6 months reviewed, and they were not reviewed/signed by management as evidence of review.

Recommendation

The Manager, Business Operations should ensure that the monthly reconciliations between ICON and the G/L are reconciled, and signed off monthly by management as evidence of review.

Management Response

Agreed. The Manager of Business Operations assumed this responsibility in November 2010. A regular monthly sign off process is now in place.

Original signed by:

Jim Davidson

Commissioner Corporate Services

Original signed by:

Norman Scarratt

Director Court Services

Original signed by:

Paul Duggan

Director Audit Services