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UPDATE ON OUTSTANDING AUDIT RECOMMENDATIONS - FINANCE

The Audit Committee recommends the adoption of the recommendation contained in the following report dated May 26, 2009, from the Commissioner of Finance.

1. RECOMMENDATION

It is recommended that:
1. This report be received for information.

2. PURPOSE

This report provides an update on audit recommendations that have been outstanding for longer than a one year period for Finance Department items.

3. BACKGROUND

While work has been undertaken on the outstanding recommendation they have not yet been completed. Many issues can impact on the timing of completion of the initiatives. These include staffing and workload issues, dependency on the completion of other projects and the coordination with work within the various departments.

Explanations of the individual outstanding items follow.

Corporate Fleet Policy (including Motor vehicle record procedure) 2 Items

The first recommendation related to the development of a Corporate Fleet Policy. This initiative has been led by the Risk Management section.

Over the past year the draft Corporate Fleet Policy has gone through several revisions to clarify the wording in response to HR and legal concerns. The latest draft of Sept 2008 is more palatable by all concerned parties. Legal Services has been asked to draft the wording for the "non-compliance section" of the policy. Human Resources branch will release this latest draft to union reps and various dept heads for input. We are awaiting feedback from both of these departments. In addition, Risk will prepare a briefing note and supporting documentation to accompany the policy as it proceeds to final approval by Senior Management.

The second recommendation related to the responsibility for the collection of driver Motor Vehicle Records abstracts. It recommended that accountability to ensure that the abstracts are duly collected should rest with the Insurance Risk Manager and that driver abstracts should be collected and stored in the employee file.

The Motor vehicle record procedure is an appendix to the Corporate Fleet Policy. This appendix has been reviewed in detail over the past few months and has had several modifications. A pilot Motor Vehicle Records review of selected employees has been conducted and it has been determined that the system will work with no issues. The security of this information in the policy draft has also been addressed.. Final approval will be forthcoming as part of the approval of the Corporate Fleet Policy. Regular Motor Vehicle Records reviews will begin in third quarter 2009.

Final review completion is targeted for December 2009.

Procurement & Accounts Payable Audit Report

One recommendation is outstanding. The recommendation stated *"Financial Services management ensure that a formal process be created and updated as required that governs the control procedures surrounding the Notification of Signing Authority Form."*

This recommendation was dependent on the approval of a revised signing authority policy which has now been completed. A written control process will be developed for Q3 2009. However, the ultimate control solution involves the implementation of document workflow and is dependent on the implementation of the Position Management module within PeopleSoft, which is not anticipated to be completed for some time.

Payroll Audit Report – 3 recommendations

The first recommendation referenced the need for additional training materials and cross training of payroll staff.

Managers and Timekeepers have received new instruction manuals. Any new staff being hired is trained by Payroll to ensure accuracy and consistency of application. The Payroll Clerks continue to be cross trained on this module. The completion of this activity has been delayed due to a protracted position vacancy in the section.

The second recommendation focused on the interfacing of departmental electronic time reporting systems with Payroll to eliminate the likelihood of transcription and clerical errors.

This has been on-going for some time and the largest system (TEAMS) is having the interface developed to bring the hours in TEAMS into the time and labour module. This should be completed by the end of Q2 and then testing will commence. Schedulesoft is still in development and no dates have been established by IT for testing.

The third recommendation related to improvements in dealing with terminations and training for managers.

This issue continues to be looked at in conjunction with the rollout of Manager Self Service being developed for 2009 which can help with some of these issues. A new payroll action form has been developed and is currently being reviewed and approved. The new payroll action form along with an instruction sheet and frequently asked questions is being issued to all Directors, Managers and Supervisors. A new corporate learning course (Finance 101) outlines the role of Payroll, and who to contact in certain situations.

Wireless Security Audit – 3 Outstanding

Works has been undertaken on all three outstanding recommendations are each are expected to be completed by mid year 2009.

Surety Bond Policy and Procedures Developed

In April 2006, Audit Services made a recommendation that a corporate policy be developed and operational procedures be formalized for the use, recording and monitoring of performance bonds at the Region. Staff from Policy, Risk and Treasury, Legal Services and Purchasing, with the input of project managers from regional departments, undertook extensive evaluation of the current process as well as research into best practices of other municipalities.

In February 2008, a draft entitled Surety Bond Policy was presented to senior management for discussion. This policy establishes the objectives, standards of care and responsibilities for protecting the corporation from financial consequences resulting from the non-completion of construction and specific service contracts over $100.000. Operational procedures were also developed to outline the most effective way to administer the new approach of recording and monitoring these financial securities. As no expertise existed in-house to administer this process, it was agreed that a new Surety Analyst position would be requested in the 2009 Budget.

Since Regional Council approval of the 2009 Budget and confirmation of approval to hire, Policy Risk And Treasury has since posted the new Surety Analyst position and anticipates mid-June as an expected hiring date. The Surety Analyst will be responsible for communication of the policy and procedures to all affected staff by the end of the second quarter 2009.

4. FINANCIAL IMPLICATIONS

There are no direct financial implications from this report.

5. LOCAL MUNICIPAL IMPACT

There is no local impact related to this report.

6. CONCLUSION

This report reports on the status of outstanding audit recommendations which have been outstanding for more than one year. All are currently being addressed and completion dates have been provided to Internal Audit.

For more information on this report, please contact Lloyd Russell, Commissioner of Finance & Treasurer at Ext. 1600.

The Senior Management Group has reviewed this report.