



THE REGIONAL MUNICIPALITY OF NIAGARA
AUDIT COMMITTEE
AGENDA

AC 1-2019

Monday, February 4, 2019

1:00 p.m.

Council Chamber

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

Pages

1. CALL TO ORDER
2. DISCLOSURES OF PECUNIARY INTEREST
3. SELECTION OF CHAIR AND VICE-CHAIR
 - 3.1 Call for Nominations for Committee Chair
 - 3.2 Motion to Close the Nominations for Committee Chair
 - 3.3 Voting for Position of Committee Chair
 - 3.4 Call for Nominations for Committee Vice-Chair
 - 3.5 Motion to Close the Nominations for Committee Vice-Chair
 - 3.6 Voting for Position of Committee Vice-Chair
4. PRESENTATIONS
5. DELEGATIONS
6. ITEMS FOR CONSIDERATION
 - 6.1 AC-C 5-2019
2019 Internal Audit Plan

3 - 8

6.2	<u>AC-C 7-2019</u> Controlled Medications Inventory Audit	9 - 24
6.3	<u>AC-C 4-2019</u> Payroll Audit: Phase 2 - Payroll Processing	25 - 35
6.4	<u>AC-C 1-2019</u> 2019 Audit Committee Meeting Schedule	36 - 39

7. CONSENT ITEMS FOR INFORMATION

7.1	<u>AC-C 3-2019</u> Q1 2019 Follow-up Status of Audit Recommendations	40 - 76
7.2	<u>AC-C 6-2019</u> Audit Plan Progress Update Dashboard	77 - 78

8. OTHER BUSINESS

9. CLOSED SESSION

9.1	<u>Confidential AC-C 7-2019 - Appendix 2 - A Matter of the security of the property of the municipality or local board under s. 239(2) of the Municipal Act, 2001 – Internal Audit Report – Controlled Medications Inventory, Confidential Observations</u>
-----	---

10. BUSINESS ARISING FROM CLOSED SESSION

11. NEXT MEETING To be determined.

12. ADJOURNMENT

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisory Coordinator at 905-980-6000 (office), 289-929-8376 (cellphone) or accessibility@niagararegion.ca (email).

Subject: 2019 Internal Audit Plan

Report to: Audit Committee

Report date: Monday, February 4, 2019

Recommendations

That the 2019 Internal Audit Plan attached as Appendix I of Report AC-C 5-2019, **BE APPROVED.**

Key Facts

- The 2019 Internal Audit Plan was developed based on feedback obtained from Audit Committee members, Corporate Leadership Team and selected directors as well as a comprehensive risk assessment of the organization and jurisdictional scan of internal audit plans from comparable Ontario municipalities.
- Internal Control & Organizational Performance (ICOP) is well positioned to independently and objectively carry out the projects identified in this Audit Plan.
- The objective of this 2019 Internal Audit Plan is to provide independent, objective assurance and advisory services designed to add value and improve the organization's operations and system of internal controls.

Financial Considerations

The execution of this Audit Plan will be performed within the confines of the operating budget of the Internal Control & Organizational Performance division. Outcomes from audit projects may have a financial impact on the 2020 budget or beyond.

Analysis

The mission of internal auditing is to provide independent and objective assurance and consulting services designed to add value and improve Niagara Region's operations by bringing a systematic and disciplined approach to evaluate risk management activities, internal controls and governance processes. The ICOP division has a professional obligation to develop a comprehensive risk-based annual audit plan. This is consistent with recommendations published by professional associations including the Institute of Internal Auditors (IIA) and the Chartered Professional Accountants (CPA) of Canada. Our mandate includes the processes, programs and functions of Niagara Region but does not include local Agencies, Boards, Commissions or local area municipalities.

The 2019 Internal Audit Plan was developed based on the following sources:

- Consultation meetings with Audit Committee members and the Regional Chair
- Consultation meetings with members of the Corporate Leadership Team and selected directors
- A risk assessment of processes, programs and functions across the organization
- A jurisdictional scan of hot topics, emerging risks and auditable areas in other local municipal organizations
- Requests from business units to proactively support program delivery

The two principle objectives of the 2018 Internal Audit Plan are:

- Provide assurance to the Audit Committee and Management that internal controls are operating effectively within the areas under review
- Provide recommendations to Management (where applicable) to continuously improve operations, increase efficiencies, mitigate risks or close control gaps

The approach and methodology practiced by the ICOP division will conform to the *International Standards for the Professional Practice of Internal Auditing* (IIA Standards). In 2019, we will self-assess our conformance to these standards for the second time, then report the results to Audit Committee. An Internal Quality Assessment will occur every year, while an External Quality Assessment will occur every five years.

Generally we follow a risk-based approach to auditing; at the commencement of each audit project, we perform a comprehensive risk assessment to identify potential risks and map associated internal controls. Typically, only controls related to high and medium risks are tested. Internal controls are tested in a variety of ways and often the approach is dependent upon specific circumstances. Our audit approach typically includes:

- Observation
- Inspection
- Re-performance / re-calculation
- Analytical procedures
- External confirmation
- Inquiry

The composition of the ICOP team includes a balance of experience and skill sets to adequately complete the portfolio of audit projects. For projects where the ICOP team lacks the required skill set or resources to execute an audit project, a qualified external auditing firm will be retained to perform the work (i.e. Information Technology audits). Further personnel details are identified below:

Name	Title	Credentials	Start Date
Maciej Jurczyk	Director, ICOP	CPA, CMA, CIA, CRMA	26-Jun-17
Frank Marcella	Internal Auditor	MPA, Bed, CGAP	25-Aug-14
Mafu Ojisua	Process & Compliance Auditor	CPA, CMA	20-Nov-17
Vacant	Process & Compliance Auditor	-	-
Xiang (Henrik) Gao	Internal Audit Analyst	MBA	4-Sep-18

The resulting Audit Plan identified in Appendix I identifies 8 audit projects recommended to be performed by ICOP staff during the forthcoming year. It also identifies the scope, rationale and inherent risks for each audit project. The table below summarizes the 2019 Audit at a high level:

Employee benefits claims
Procurement: Sole / Single sourced
HR Employee On-boarding and Off-boarding
Driver Certification Program
Waste Management - Contract Compliance
Homelessness Service Providers Contract Compliance Audit
LTC Homes Risk Assessment
Water Treatment Operations Risk Assessment

In addition to performing independent and objective audit projects, the 2019 Audit Plan also sets time aside for:

1. Following-up with Management on historical audit findings
2. Reporting to the Audit Committee
3. Performing an Internal Quality Assessment
4. 2020 Audit Planning
5. Providing advisory services to Management or external stakeholders (i.e. LAM's) in the areas of: risk, internal controls, corporate governance and/or performing investigations (if required)
6. Assisting the External Auditor (if required)
7. Administrative time

ICOP will report to the Audit Committee on a quarterly basis with a status update of each approved audit project, completed Audit Reports and a dashboard of ICOP performance measures. Throughout 2019, ICOP will be responsive and flexible to accept new assurance or advisory projects identified by the Audit Committee or the Corporate Leadership Team.

Finally, ICOP has identified a tentative Three Year Audit Plan with the following assurance and advisory projects for the period 2020 – 2022. ICOP will re-evaluate the

Audit Plan on an annual basis with a goal of prioritizing high risk processes, programs and functions.

POA Revenue
Vendor/Consultant Performance
Real Estate Procurement & Disposition
Waste-water Operations Risk Assessment
Bridge Inspection Program
IT Cyber security & access controls
Vaccine inventory controls
Payment Card Industry (PCI) Compliance
Investments
Insurance
Facility Repairs, Energy and Occupancy of Regional sites
Facility Physical Access & Security
Occupational Health & Safety
Ontario Works Eligibility Assessment Process
Niagara Specialized Transit Performance
Business Continuity Management & Disaster Recovery Planning

Alternatives Reviewed

Preparing an annual audit plan is a best practice and professional requirement as prescribed by professional associations including the Institute of Internal Auditors, therefore not preparing a plan was not considered. Within the plan, various options for audit projects were considered, with many of these alternatives included above.

Relationship to Council Strategic Priorities

This Audit Plan was designed to align with the past term of Niagara Regional Council's Strategic Priority of "Advancing Organizational Excellence". Specifically, Value For Money audits were identified and approved as a Council Strategic Priority.

Other Pertinent Reports

CBPCOTW CAO-Our Way Forward – FINAL dated February 23, 2017
AC-C 4-2017 Audit Committee Terms of Reference Revisions
AC-C 14-2017 2017 Interim Audit Workplan
AC-C 6-2017 2018 Internal Audit Workplan

Prepared by:

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was reviewed by Frank Marcella, Internal Auditor, Mafu Ojisua, Process & Compliance Auditor, Xiang (Henrik) Gao, Internal Audit Analyst and Kristen Delong, Manager, ICOP.

Appendices

Appendix 1 2019 Annual Audit Plan

Audit Project	Last Time Audited	Dept / Division	Budgeted Time (hrs)	Scope, Rational, Risks
Employee Benefits Claims	Never	Corporate Services	1190	<p>Scope: To evaluate the internal controls around health, dental and other extended benefits provided to Niagara Region employees and to ensure that financial transactions are being remitted and recorded according to HR policies and procedures. Fraud prevention and detection controls will be evaluated and the contractual agreement with the service provider will also be reviewed.</p> <p>Rationale: Recent high profile and publically reported frauds detected in other comparable organizations: TTC, City of Toronto, City of Ottawa, St. Michael's Hospital.</p> <p>Risks: Inaccurate processing of employee health, dental or other extended medical benefits resulting in over-payments by Niagara Region. Fraudulent behaviour or usage of employee benefits may erode public trust resulting in a loss of the corporation's reputation.</p>
Procurement: Sole / Single sourced	Never	ERMS	840	<p>Scope: This audit will evaluate the process specifically for single and sole-sourced procurements. The scope will include a review of the rationale, requirement and approvals around single and sole-sourced procurements. ICOP will scrutinize the veracity of emergency transactions, purchases made for compatibility with existing products/equipment, trials, purchases for unique/customized specifications and other exceptions permitted in the Procurement By-law.</p> <p>Rationale: This audit will have a targeted focus on single/sole-sourced procurements which tend to generate a higher degree of public interest, particularly in the public sector. High volume of transactions and materially significant (approximately 550 PO's / \$44M in 2017) and 530 PO's / \$24M in 2018).</p> <p>Risks: Non-compliance to procurement policies, procedures and by-law or uncompetitive behaviour may lead to financial or legal implications. In addition, a loss of community trust may occur if the procurement process is perceived to be uncompetitive.</p>
HR On-boarding & Off-boarding Audit	Never	Corporate Services	700	<p>Scope: A review of the HR operational and IT procedures associated with the on-boarding (i.e. recruiting, accuracy of job data, training) and off-boarding (i.e. termination, resignation, retirement) of Niagara Region employees to improve the efficiency and effectiveness of the corporations processes and procedures. The audit will include a review of final payroll transactions (i.e. severance), IT user permissions (i.e. access to confidential medical records) and competitiveness of recruiting process.</p> <p>Rationale: Staff direction from Audit Committee on October 31, 2017 after discussing the 2018 Audit Plan (AC-C 6-2017). Employee hiring practices were noted during interviews and within Burgoyne Bridge Audit.</p> <p>Risks: Non-compliance to HR or IT processes or procedures may result in financial, legal or privacy implications. Control gaps may also lead to operational inefficiencies, employee morale or labour relations issues and loss of public trust.</p>
Driver Certification Program Audit	Never	Public Works	210	<p>Scope: Using the standard Driver Certification Program audit plan, assess compliance to Ontario Ministry of Transportation's (MTO) regulatory requirements for commercial fleet operators (specifically for 'Signing Authorities' approved by the MTO to deliver driver training and testing).</p> <p>Rationale: This is a standard audit performed by multiple Ontario municipal audit teams. Performing the audit in-house will result in cost savings for Public Works department (vs. out-sourcing).</p> <p>Risks: Meeting or exceeding the MTO's regulatory requirements are mandatory to continue participating in the Driver Certification Program. Continued participation in the program has numerous benefits including higher staff engagement and lower driver training/testing costs.</p>
Waste Management Contract Compliance Audit	Never	Public Works	700	<p>Scope: To independently evaluate the performance and compliance of Waste Management division's contractor against its contractual obligations. The audit will also examine staff's efficacy at managing their service provider (i.e. performance measures, enforcement protocols, dispute resolution, contingency plans etc.).</p> <p>Rationale: Waste Management contractor is Niagara Region's largest vendor at \$21M in annual spent (8% of all PO's). High public attention, complex operational requirements, and high financial impact.</p> <p>Risks: Insufficient service levels by the contractor may directly impact Niagara residents. Financial, legal and reputational risks may also occur if compliance to the service agreement is not maintained.</p>
Homelessness Service Providers Contract Compliance Audit	Never	Community Services	700	<p>Scope: To evaluate the compliance of homelessness service providers against their existing contractual obligations as well as the efficacy of staff from the Homelessness & Community Engagement division to manage their service providers. The ultimate objective of the audit is to strengthen the terms and conditions of future contracts in the next RFP planned for 2020.</p> <p>Rationale: Independent and objective audit was requested by Community Services department to enhance accountability amongst industry service providers.</p> <p>Risks: Homelessness service providers are under contract with Niagara Region to care for vulnerable sectors of Niagara Region's population. A high degree of public attention and trust is placed on these service providers to provide quality care within Niagara Region's standards. Non-compliance to Niagara Region's standards of care may result in insufficient care for vulnerable people, a loss of public trust (reputational risk) and/or inefficient usage of Community Services' budget.</p>
Long Term Care Homes Risk Assessment	Annually by Ministry of Health & LTC	Community Services	210	<p>Scope: ICOP will assist Senior Services staff perform their annual risk assessment requirements for the Ministry of Health and Long-Term Care. ICOP will apply an independent lens to determine if current practices adequately identifies risks and opportunities, and that there are appropriate action plans to manage and mitigate these risks.</p> <p>Rationale: Through a comprehensive risk assessment, this was identified as one of the top risks in the organization. Specifically: a high complexity of operations, high degree of regulatory/statutory compliance requirements, high employee turnover, a risk event would result in a major loss of stakeholder confidence (high reputational risk), and high financial impact to annual Regional budget.</p> <p>Risks: A significant injury or death to a LTC home resident under the care of Niagara Region would be a major risk event with financial, legal, regulatory and political implications.</p>
Water Treatment Operations Risk Assessment	Periodically by Ministry of Environment & Climate Change	Public Works	210	<p>Scope: A risk assessment of Water Operations (including the Quality Management System) to determine if current processes adequately identify risks and opportunities, and ensure that there are appropriate action plans to manage and mitigate these risks. ICOP will perform a detailed analysis of the Ministry of Environment & Climate Change inspections and the Region's responses to identify whether additional assurance is required.</p> <p>Rationale: Through a comprehensive risk assessment, this was identified as one of the top risks in the organization. Specifically: high degree of regulatory/statutory compliance requirements, a risk event would result in a major loss of stakeholder confidence (high reputational risk) and high financial impact to annual Regional budget.</p> <p>Risks: A major disruption or contamination of Niagara Region's clean drinking water would have severe financial, legal, regulatory and political implications.</p>

Subject: Controlled Medications Inventory Audit

Report to: Audit Committee

Report date: Monday, February 4, 2019

Recommendations

1. That report AC-C 7-2019 in addition to Appendix 1 and Confidential Appendix 2 **BE RECEIVED** for information.
2. That staff **BE DIRECTED** to implement the recommendations in Confidential Appendix 2 of Report AC-C 7-2019, respecting Controlled Medication Inventory Audit.

Key Facts

- The purpose of this report is to provide Audit Committee a summary of findings noted during the Controlled Medication Inventory Audit.
- This report contains the findings, implications and recommendations for the observations discovered during the Audit in addition to a Management Action Plan (MAP) for each of the recommendations.
- Three detailed audit observations and associated recommendations are found in Confidential Appendix 2 of the report.

Financial Considerations

There are no immediate budgetary considerations associated with this report. It is anticipated that some of the recommendations may have an implementation cost associated to them. If Management chooses to pursue the recommendations then all costs will be funded through the regular annual budget process.

Analysis

The audit report is intended to provide Audit Committee with information regarding the handling of controlled medications at Niagara Region in Niagara Emergency Medical Services (NEMS) and Long Term Care Homes within the Seniors Services division. This report includes the detailed observations from the audit.

Please note that a limited portion of the report is being provided to Audit Committee on a confidential basis in closed session in reliance upon section 239(2)(a) of the Municipal Act by reason of the fact that those recommendations/observations provide detail regarding NEMS practices/procedures related to controlled medications that could

represent a risk to the security of the property of the municipality and safety of staff if disclosed to the public.

Alternatives Reviewed

No other alternatives were reviewed at this time.

Relationship to Council Strategic Priorities

Value-for-money (VFM) audits were identified and approved as the previous term of Council's Strategic Priority – Advancing Organizational Excellence. The goal of this Strategic Priority was to *“Build a strong internal foundation for Niagara Region to enable a more prosperous Niagara,”*

Following the completion of the 2015 and 2016 audits, Council approved having a permanent Internal Audit function situated with the renamed Internal Control and Organizational Performance division.

The 2018 Annual Audit Plan, which included an audit of controlled medications was approved by Audit Committee on October 31, 2017.

Other Pertinent Reports

AC-C 6-2017 2018 Internal Audit Plan

Prepared by:

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Andrea Wheaton, Corporate Reporting Supervisor, Henrik Gao, Internal Audit Analyst, and reviewed by Henrik Gao, Internal Audit Analyst and Frank Marcella, Internal Auditor.

Appendices

Appendix 1	Controlled Medications Inventory Audit
Appendix 2	Confidential Appendix to AC-C 7-2019: A Matter Respecting the Security of the Property of the Municipality

Internal Control and Organizational Performance



Controlled Medications Inventory Audit

Operating Unit: Niagara Region

Date of Audit: September 2018 – January 2019

Auditors: Andrea Wheaton, Process and Compliance Auditor
Henrik Gao, Internal Audit Analyst
Bart Gora, Internal Audit Co-op Student

Distributed To: Niagara Region Audit Committee
Ron Tripp, (Acting) Chief Administrative Officer
Dr. Mustafa Hirji, Commissioner, Public Health
Adrienne Jugley, Commissioner, Community Services
Henriette Koning, Director, Senior Services
Kevin Smith, Chief, EMS
Kim Eros, Associate Director, Clinical and Support Services
Richard Ferron, Deputy Chief, EMS
Roger Mayo, Deputy Chief, EMS
Cindy Bourgault, Manager, Clinical Practice
Michael Franklin, Commander, Quality Management and Professional Standards
Randy McDougall, Manager, EMS Logistics

cc: Maciej Jurczyk, Director, Internal Control and Organizational Performance

Date Issued: January 22, 2019

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the 2018 Audit Plan, Internal Control and Organizational Performance (ICOP) performed a comprehensive review of the internal controls surrounding controlled medications at the Niagara Region. The audit was conducted within professional standards published by the Institute of Internal Auditors.

The purpose of this audit was to ensure that controlled medications are appropriately managed. This included a review to ensure that adequate internal controls exist over the intake, storage, usage and disposal of controlled medications.

The audit reviewed the procedures in places for Niagara Emergency Medical Services (NEMS) and in Niagara Region's Long Term Care (LTC) Homes and reviewed controlled medications as defined in the *Controlled Drugs and Substances Act*.

SCOPE

A risk based auditing approach was used to determine the scope of the audit. The following processes, procedures and items were considered in scope:

- Ensure that medication inventory is appropriately tracked and reconciliations are completed on a regular basis
- Determine if there are adequate physical safeguards in place in order to mitigate the risk that controlled substances may be misappropriated
- Ensure compliance with internal policies and procedures as well as external regulations and legislations
- Determine if sufficient internal controls exist to ensure that controlled medications are properly managed and controlled in a manner that reduces and mitigates risk
- Determine if there are opportunities for process improvements

Due to the two distinct operating units reviewed during the audit, observations in the report have been directed toward either NEMS or the LTC Homes (Seniors Services division).

ICOP used the definition of controlled medications stated in the *Controlled Drugs and Substances Act* in order to determine which substances were deemed to be included or excluded from scope.

The scope of the audit did not include the following:

- Legacy pharmacy provider for the LTC Homes
- Procurement processes relating to the acquisition of the suppliers used by NEMS and the LTC Homes

INTERNAL AUDIT FINDINGS

Overall, the internal control environment for managing controlled medications within NEMS and the LTC Homes is effective. No significant issues were identified during the audit. The following areas were deemed to be operating effectively:

- Long Term Care (LTC) Homes
 - Physical security surrounding controlled medications within the Homes
 - Methods for tracking the administration and destruction of the controlled medications
 - High control frequency which ensures that any count variances would be discovered quickly
 - Inspection of the Resident's medication record which reviews the log for completeness
- Niagara Emergency Medical Services (NEMS)
 - Physical security surrounding controlled medications at main and restocking locations
 - Methods for tracking the administration, replenishment of controlled medications at the restocking locations
 - High control frequency which ensures that any count variances would be discovered quickly
 - Usage sheets are reconciled on a weekly basis to ensure that controlled medications taken out of the cabinets are accounted for

Staff from both NEMS and the Long Term Care Homes were open in discussing and sharing information with ICOP which demonstrated a willingness and openness to the process review. ICOP would also like to draw attention to the following positive attributes noted from discussion with Management:

- Staff from both operating units were familiar with the legislation and regulation that they are required to follow in relation to controlled medications.
- LTC Homes – Pharmacy provider selected through formal RFP process has extensive knowledge in working with long term care homes and as a result has developed a policy manual which is provided to the Homes. The policy manual covers areas such as:
 - Order and receiving medication through the pharmacy provider
 - Administration, documentation and storage of medications
 - Services to be provided by the pharmacy provider
 - Medication disposal
 - Medication risk management
- NEMS – There is an effective, continuous improvement methodology as demonstrated by Management proactively taking steps to update and improve current processes.

Please note that a limited portion of the report is being provided to Audit Committee on a confidential basis in closed session in reliance upon section 239(2)(a) of the Municipal Act by reason of the fact that those recommendations/observations provide detail regarding NEMS practices/procedures related to controlled medications that could represent a risk to the security of the property of the municipality and safety of staff if disclosed to the public.

ICOP appreciates the assistance and co-operation from the NEMS and LTC Home teams during the course of this audit.

OBSERVATIONS AND RECOMMENDATIONS

The following are all the observations from the audit along with recommendations and Management's Action Plans to address these issues. See Appendix I for the risk ranking justification.

Observation #1 – NEMS – Internal controlled medications policy needs to be updated

Risk Ranking **LOW**

The NEMS internal controlled medications policy needs to be updated to represent the current business practices.

NEMS' *Controlled Medication Process* was last updated January 2016. Since this time there have been changes to the business processes which need to be reflected in the policy.

The following chart shows examples of areas within the *Controlled Medication Process* which need updating:

Policy Reference	Policy States	Updates Required
22.2.1 <i>Access and Transport</i>	<i>"Niagara Health System pharmacy technicians have access to supply boxes ..."</i>	As a result in the change in the process NEMS staff are the only individuals with access to the supply boxes
22.4 <i>EMS Base Controlled Medication Stock</i>	<i>"... station has a maximum of 15 ampoules of Morphine and 10 vials of Midazolam..."</i>	Policy does not meet current business practice
22.5 <i>NHS Sites with Controlled Medications</i>	<i>"The local hospital pharmacies are responsible for monitoring the levels and restocking of the ALS supplies and controlled medications contained within these cabinets."</i>	NEMS is solely responsible for the controlled medication monitoring and restocking of the ALS supplies and controlled medications
22.9 <i>Expired Controlled Medications</i>	<i>".... controlled medications that have expired need to be returned to pharmacy for proper disposal."</i>	NEMS is now responsible for the destruction of expired controlled medications. The internal policy should be updated to document how NEMS handles expired controlled medications

In addition to the required changes listed above, the following areas are not discussed in the internal policy:

- Policy for destruction
- Policy for documenting wastage on call logs

Implication

Up-to-date internal policies and training ensure that all levels of staff have the necessary information to be able to perform their job duties.

Recommendation

1. NEMS Management should updated the internal policy to include all current business process.
2. Once the internal policies have been updated, all changes should be communicated to staff.

Management Action Plan

Person(s) Responsible	Completion Date	
Michael Franklin, Commander, Quality Management and Professional Standards	June 1, 2019	
<ol style="list-style-type: none">1. The recommended updates will be made within the policy.2. Training surrounding the updates will be delivered to affected staff.		

Observation #2 – LTC Homes – Obtain family's confirmation of incoming and outgoing controlled medications during respite stays

Risk Ranking

LOW

Certain long term care home locations provide respite stay (short stay) programs. When a resident is admitted for a respite stay, the following is required:

- A list of the individual's medications is sent from their respective physician (stating type of medication, strength of medication and dosage frequency)
- Medication brought into the LTC Home for this program are provided by the Resident / Substitute Decision Maker (SDM) in blister packaged cards
- When the individual is admitted, there is a count of all incoming controlled medications by two registered staff members at the Home

As per review of documentation during fieldwork and discussion with Management, registered staff signatures were observed on the medication list from the respective physician. In addition, there was a medication record set up and signed off by the two registered staff. Although there was confirmation by the registered staff on the list of medications, it did not appear that the individual's respective family member was confirming the incoming and outgoing quantity of controlled medications.

Implication

When the individual's family signs off on the incoming and outgoing quantities of controlled medications, it provides an additional layer of security and confirmation for the Home.

If the incoming and outgoing count confirmation by the individual's family is not completed, this may open the Home up to questions about what the actual incoming and outgoing quantities were.

Recommendation

1. The incoming and outgoing quantity of controlled medications should be documented and signed off by the resident's family in addition to the two registered staff.
2. The *Narcotics and Controlled Substances* policy should be updated to include this requirement.

Management Action Plan

Person Responsible	Kim Eros, Associate Director Clinical and Support Services	Completion Date	n/a
<ol style="list-style-type: none"> 1. The Action Plan is to not follow-through on the recommendation put forward given a number of considerations: <ul style="list-style-type: none"> • Seniors Services is required to follow a number of pieces of legislation in providing care and services for short-stay and long-stay residents including: 			

- Health Care Consent Act (to determine resident's capacity)
- Municipal Freedom of Information and Protection of Privacy Act (MFIPPA - right to access personal health information)
- Personal Health Information Protection Act (PHIPA - sets out rules for protecting the privacy of patients and the confidentiality of their personal health information)
- The recommendation suggests that the quantity of medication should be documented and signed off by the respite service client's family. This direction presumes that the client of the program is not competent (i.e. assumes a lack of capacity under the Health Care Consent Act (HCCA)) and it also presumes that the individual dropping off / picking up the client for the respite stay is the Substitute Decision Maker or Power of Attorney for Personal Care and Services. We are not able to make the blanket assumption recommended through this proposed policy change that all clients of the program lack capacity under the HCCA. We do not know if a family member has any status to speak for the resident either by POA or pursuant to applicable statute. All residents are deemed to be competent (a legal term) unless otherwise determined by a court or clinical process. A POA or SDM only goes into effect if a resident is incapable of making decisions. We are not able to ascertain that the SDM / POA is in effect without applicable documentation (Health Care Consent Act, Personal Health Information Protection Act).
- The recommendation assumes that all residents who use respite services lack capacity and that the individual dropping them off / picking them up for their respite stay is the Substitute Decision Maker. It is not unusual for clients of the program to be dropped off / picked up by a family member, a neighbour or a friend who is not their Substitute Decision Maker and as such should not have access to their medical information including their narcotics usage.
- This recommendation would introduce a considerable risk of disclosing personal health information in contravention of PHIPA. (Disclosing personal health information in contravention of PHIPA is considered a privacy breach and on conviction an individual may be liable to a fine of up to \$100,000 and a corporation up to \$500,000.)

Observation #3 – LTC Homes – Missing documentation

Risk Ranking

LOW

A new pharmacy service provider was introduced into the Long Term Care (LTC) Homes in the fall of 2018. With the change in pharmacy service providers came a change in some of the policies and procedures within the Homes. There has been a learning curve for the staff in the Homes as they become accustomed to new paperwork and documentation requirements.

During fieldwork, ICOP noticed the following instances of missing documentation:

- A change in status form was not sent to the pharmacy provider and as a result an unneeded weekly supply of controlled medication was sent to the Home
- Administration of medication was documented on the electronic medical record (EMAR) but in four instances, the administration of the controlled medication was not recorded on the Narcotic and Controlled Drug sheet at the time of administration
- Eight instances (out of 123) where staff did not log medication on the Controlled Substance Destruction Log to indicate that the controlled medication had been placed in the secured destruction bin
- Several instances of missing second/witness signatures where required

Implication

Best practice would be ensure that documentation is recorded in a timely manner (i.e. at the time of dosage), if this is not done, it increases the possibility that it will be missed entirely or may cause an unnecessary error (for example the controlled medication counts showing off when they are in fact accurate).

Recommendation

1. Management, along with the pharmacy service provider if possible, should conduct follow up re-training of the new business processes implemented by the new pharmacy service provider.
2. When the Homes are conducting their own documentation inspections, if trends in missing documentation or errors are observed, they should be communicated and corrected with the Home staff. Follow up training should be completed with staff where Home Management deems necessary.

Management Action Plan			
Person Responsible	Kim Eros, Associate Director Clinical and Support Services	Completion Date	April 15, 2019
<ol style="list-style-type: none"> 1. Finalize implementation of the final phase of the pharmacy transition plan including audit of new systems and processes to determine training needs. Will ensure through this process that all required documentation as per the new pharmacy provider is captured in a timely manner. 2. Ensure that all audits are consistently completed and that training needs identified through audits are addressed. 			

BEST PRACTICES/ADDITIONAL OBSERVATIONS

Observation #1 – NEMS – Opportunity to create process efficiencies as NEMS looks to future-state model

The control environment surrounding controlled medications at NEMS is a manual system.

While manual systems can be extremely effective, there is a risk in the degree of human error. The more times you require human intervention for a system to operate effectively, the higher the risk of error.

Some of the limits of the manual system include:

- The usage sheet is updated by the paramedic(s) each time a controlled medication is added or removed from the medication storage (due to administration during a call, wastage, breakage and/or expiration). Data from the usage sheet is then manually updated to spreadsheets in order to generate trend data for NEMS Management.
- At a given point in time, NEMS Management is unable to determine the total controlled medication inventory levels as the manual system does not allow them to monitor the inventory levels at the restocking locations.
- Inventory levels at restocking locations are only known on delivery days when NEMS staff replenish stock levels.
- Paramedics have to complete the usage sheets after the completion of the call when they are restocking their controlled medication pouches, as a result, the data on the usage sheets may not always be accurate (For example, during fieldwork, ICOP noted instances where a call log number or date was written incorrectly on the MAR sheet).
- The manual process may allow another individual to fill out the usage sheet on behalf of someone else

NEMS is currently undergoing strategic end state and inventory management reviews which will allow them to be able to monitor inventory levels at all of the locations in real-time. These reviews did not include the review of controlled medications. NEMS Management may see the benefits of applying some of the findings in the future-state reviews to the controlled medications process.

Recommendation

1. NEMS Management should determine the cost-benefit of having the ability to monitor controlled medication inventory levels on a real-time basis.
2. Depending on the outcome of the future-state model, NEMS Management should determine if there is a potential to apply some of the lessons from the inventory management to the management of their controlled medications.

Management Action Plan (Optional)

**Person
Responsible**

Randy McDougall, Manager EMS Logistics

1. The same solution mentioned in confidential observation #1 that will allow for the roll out of Ketamine would also provide enhanced reporting on usage, wastage and inventory levels in real time.
2. The solution selected would be transferable to a future state delivery model for NEMS. Although narcotics were out of scope during the inventory management project any lessons learned have been easily applied to the two narcotics.

APPENDIX I - RATING SCALE

Rating	Definition
CRITICAL	Requires immediate action by Senior Management to avert a severe/disastrous risk event in the near-term. Internal controls are deemed to be ineffective, absent or poorly designed. Management Actions Plans (MAP's) are to be implemented immediately to mitigate risk of substantial financial losses, business interruption, loss of reputation and/or environmental, public health & safety risk.
HIGH	Requires prompt action by Management to avert, reduce or transfer a major risk event. Internal controls are deemed to be ineffective, absent or poorly designed. MAP's should be implemented to mitigate the risk of financial losses, loss of reputation, address fraud issues or legal/regulatory non-compliance.
MEDIUM	Requires timely actions by Management to reduce risks to a low level. Internal controls are deemed to be ineffective or poorly designed. Management action is required, but is not immediate. Moderate financial losses, temporary/minor reputational impairment, lesser potential for fraud or regulatory non-compliance may occur without timely MAP's.
LOW	Management actions are recommended to address the weaknesses identified. Internal controls are operating effectively or partially address the control objective; however they may be poorly designed and/or operational inefficiencies exist which may result in an opportunity for improvement. Low risk events may cause operational inconvenience or minor financial losses.

Subject: Payroll Audit: Phase 2 – Payroll Processing

Report to: Audit Committee

Report date: Monday, February 4, 2019

Recommendations

1. That report AC-C 4-2019 **BE RECEIVED** for information; and
2. That staff **BE DIRECTED** to implement the recommendations in Appendix 1 of Report AC-C 4-2019, respecting Phase 2 – Payroll Processing.

Key Facts

- The purpose of this report is to provide Audit Committee with a summary of findings noted during Phase 2 of the Payroll Audit which focused on the accuracy and completeness of amounts paid to employees and remittances to Canada Revenue Agency.
- This report contains the findings, implications and recommendations for the observations discovered during the Audit in addition to a Management Action Plan (MAP) for each of the recommendations.
- A total of one observation with one recommendation have been detailed in the audit report.

Financial Considerations

There are no immediate budgetary considerations associated with this report.

Analysis

This audit report is intended to provide Audit Committee with information regarding the accuracy of payroll processing at Niagara Region. This report includes the detailed observations from the audit.

Alternatives Reviewed

No other alternatives were reviewed at this time.

Relationship to Council Strategic Priorities

Value-for-money (VFM) audits were identified and approved as the previous term of Council's Strategic Priority – Advancing Organizational Excellence. The goal of this

Strategic Priority was to “Build a strong internal foundation for Niagara Region to enable a more prosperous Niagara.”

Following the completion of the 2015 and 2016 audits, Council approved a permanent Internal Audit function. The permanent internal audit function was named Internal Control and Organizational Performance division.

The 2018 Annual Audit Plan, which included a two-phase payroll audit was approved by Audit Committee on October 31, 2017.

Other Pertinent Reports

AC-C 6-2017 - 2018 Internal Audit Plan

AC-C 35-2018 - Payroll Audit Phase 1 - Timekeeping Process

Prepared by:

Mafu Ojisua, CPA, CMA
Process and Compliance Auditor
Enterprise Resource Management
Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Frank Marcella, Internal Auditor and Andrea Wheaton, Supervisor, Corporate Reporting.

Appendices

Appendix 1 Payroll Audit Phase 2 – Payroll Processing Audit Report



Internal Control & Organizational Performance

Payroll Audit: Phase 2 – Payroll Processing

Operating Unit: Regional Municipality of Niagara

Date of Audit: June – October 2018

Auditors: Mafu Ojisua, Process and Compliance Auditor
Andrea Wheaton, Process and Compliance Auditor

Distributed To: Niagara Region Audit Committee
Carmen D'Angelo, Chief Administrative Officer
Chris Carter, General Manager
Peter Wadsworth, Director, Human Resources
Linda Gigliotti, Associate Director, Employee Services
Cindy Creemer, Manager, Employee Services Operations

cc: Maciej Jurczyk, Director, Internal Control and Organizational Performance

Date Issued: October 24th, 2018

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the 2018 Audit Plan, Internal Control and Organizational Performance (ICOP) undertook a comprehensive review of the payroll process at the Niagara Region. The review was divided into two distinct phases; the timekeeping process (Phase 1) and accuracy of payroll (Phase 2). The audit was conducted within professional standards published by the Institute of Internal Auditors.

The purpose of the two phase audit was to provide assurance to Management and the Audit Committee that timekeeping is captured accurately and that the payroll processing, including the amounts paid to employees and remitted to the Canada Revenue Agency (CRA), are accurate and timely.

Phase 1 of the audit focused on ensuring that payable time is captured accurately, completely and approved by the appropriate Supervisor/Manager within the Kronos timekeeping system. Time exceptions including statutory holidays, overtime and vacation pay have been reviewed and captured in this portion of the audit. This report was presented to Audit Committee on September 10, 2018 as AC-C 35-2018.

Phase 2 of the audit, focused on ensuring that the amounts paid to employees are correct and remitted in a timely manner. Phase 2 included a review of corporate and employee deductions, payroll accounting, government remittances, payroll journal entries to the PeopleSoft (EFMS) as well as T4's and Records of Employment (ROE).

SCOPE

This report focused on the results of payroll testing done in Phase 2. A risk based auditing approach was used to determine the scope of the audit. The following processes, procedures and items were considered in scope for Phase 2:

- Review of employees earnings within each collective bargaining agreement with the Region;
- Process walkthroughs with key Human Resource (HR) staff;
- Detailed review of the accuracy of employee and employer withholdings and deductions including Canadian Income Tax (CIT), Canadian Pension Plan (CPP) and Employment Insurance (EI);
- Review of the timeliness and accuracy of employer remittances including Canada Pension Plan (CPP), Employment Insurance (EI), Canada Income Taxes (CIT) and Employer Health Tax (EHT) to the respective payees;
- Detailed review of the preparation of T4's and ROE's as well as ensuring their timely submission;
- Detailed review of HR division's policies and procedures related to the payroll process.

The following were not in scope:

- Accuracy of payroll processing relating to elected officials;
- Accuracy of payroll relating to Niagara Regional Police Services (NRPS) and Niagara Regional Housing (NRH).

Appendix II provides additional high-level background information on the Region's process for processing payroll.

Appendix III provides additional information regarding the Niagara Regions annual payroll expenses.

Appendix IV identifies which areas of the payroll process were reviewed in Phase 1 (Timekeeping) and what was reviewed in Phase 2 (Payroll Processing).

INTERNAL AUDIT FINDINGS

ICOP's audit testing concluded that the systems and processes in place for processing payroll in addition to calculating payroll withholdings as well as other payroll remittances such as EHT were generally adequate.

ICOP sampled over 70 employees within the Niagara Region. The sampled employees were selected strategically from among all collective agreements within the Region and included non-union employees as well. ICOP tested the accuracy of each employee's pay cheque over various pay periods. ICOP tested the employee pay codes and pay rates (including regular time, overtime, statutory holiday pay, shift premiums, vacation time and lieu time) to ensure consistency.

ICOP tested another sample of 35 employees from various collective agreements to validate the accuracy of non-routine payroll payments and deductions. These non-routine payroll payments include garnishments, maternity and parental benefit top up, and family court payments. ICOP also reviewed the Standard Operating Procedures (SOPs) created by Human Resources, and noted that SOPs were effectively updated by the HR Manager and the Associate Director on an as needed basis and the appropriate sign off on the changes were documented. All historical versions of the SOPs were also archived and filed away accordingly.

ICOP noted that audit testing for payroll data reliability and security of PeopleSoft software in areas of segregations of duties (SOD), security (firewalls, intrusion detection), patch management, data backup and restoration was performed in April 2018 and presented to Audit Committee as AC-C 29-2018. For the Phase 2 audit, ICOP relied on the report from Deloitte which noted no major exceptions in the internal controls process associated with the use of PeopleSoft software.

The following areas were deemed to be functioning effectively:

- Internal controls and processes to prevent unauthorized changes to payroll data and employee information;
- Effective staff training and supervisory processes to ensure the continuous accuracy of payroll;
- Effective measures are in place to ensure the continuous accuracy of employee earnings;
- Employees are paid at the appropriate paygrade and pay rate changes are appropriately authorized;
- Calculation of payroll remittances including CIT, CPP, and EI are accurately performed by PeopleSoft and follow the standards set by Canada Revenue Agency (CRA);
- Accurate preparation and timely remittance of employee T4's, ROE and EHT;
- Payroll transactions are posted to the respective general ledger accounts accurately;
- Accurate calculation of lump-sum payments associated with retro pay due to changes in union contracts;
- Special deductions such as court and family law garnishments were accurately deducted;
- Total bi-weekly payroll disbursement amount were reviewed and reconciled on a monthly basis. Discrepancies and irregularities were investigated and appropriate actions are taken in a timely manner;

The following is a summary of ICOP's findings for areas of improvement:

1. Locking excel spreadsheets to avoid minor errors

ICOP would like to thank the various divisions and departments within Niagara Region for their involvement in this audit in addition to the assistance and co-operation from Human Resources and Finance.

OBSERVATIONS AND RECOMMENDATIONS

The following are the detailed observation from the audit along with recommendations and Management's Action Plans to address these issues. See Appendix I for the risk ranking justification.

Observation #1 – Locking excel spreadsheets to avoid minor errors			
Risk Ranking		LOW	
During the course of the audit, ICOP noted that some calculations affecting an employee’s pay require the use of excel templates. For example, when calculating an employee’s Pregnancy/Parental leave top up amount, HR team members are required to use an excel template to generate the accurate top up amount. Locking the formulas in these templates are essential to reducing any unauthorized changes or deletions within the template.			
Implication			
Not having an excel template that is locked could create opportunities for errors to occur as cells may be overridden, formulas may be deleted etc. Errors in the spreadsheet may affect the amount of Pregnancy/Parental leave top up that the employee receives.			
Recommendation			
HR Management should enable spreadsheet controls to protect the integrity and accuracy of the payroll data. Formula cells in the excel templates should be locked, to ensure that only authorized changes to the cells are done. Locking the formula cells will mitigate the risk that an error in the spreadsheet may occur.			
Management Action Plan			
Person(s) Responsible		Completion Date	November 2018
Linda Gigliotti, Associate Director, Employee Services Cindy Creemer, Manager, Employee Services			
Management is very supportive of adding locks on the excel template tools created in order to ensure that formulas are not inadvertently edited/deleted. This includes current/existing excel tools and will also incorporate as a standard for templates created in the future.			

APPENDIX I - RATING SCALE

Rating	Definition
CRITICAL	Requires immediate action by Senior Management to avert a severe/disastrous risk event in the near-term. Internal controls are deemed to be ineffective, absent or poorly designed. Management Actions Plans (MAP's) are to be implemented immediately to mitigate risk of substantial financial losses, business interruption, loss of reputation and/or environmental, public health & safety risk.
HIGH	Requires prompt action by Management to avert, reduce or transfer a major risk event. Internal controls are deemed to be ineffective, absent or poorly designed. MAP's should be implemented to mitigate the risk of financial losses, loss of reputation, address fraud issues or legal/regulatory non-compliance.
MEDIUM	Requires timely actions by Management to reduce risks to a low level. Internal controls are deemed to be ineffective or poorly designed. Management action is required, but is not immediate. Moderate financial losses, temporary/minor reputational impairment, lesser potential for fraud or regulatory non-compliance may occur without timely MAP's.
LOW	Management actions are recommended to address the weaknesses identified. Internal controls are operating effectively or partially address the control objective; however they may be poorly designed and/or operational inefficiencies exist which may result in an opportunity for improvement. Low risk events may cause operational inconvenience or minor financial losses.

APPENDIX II – ADDITIONAL BACKGROUND INFORMATION

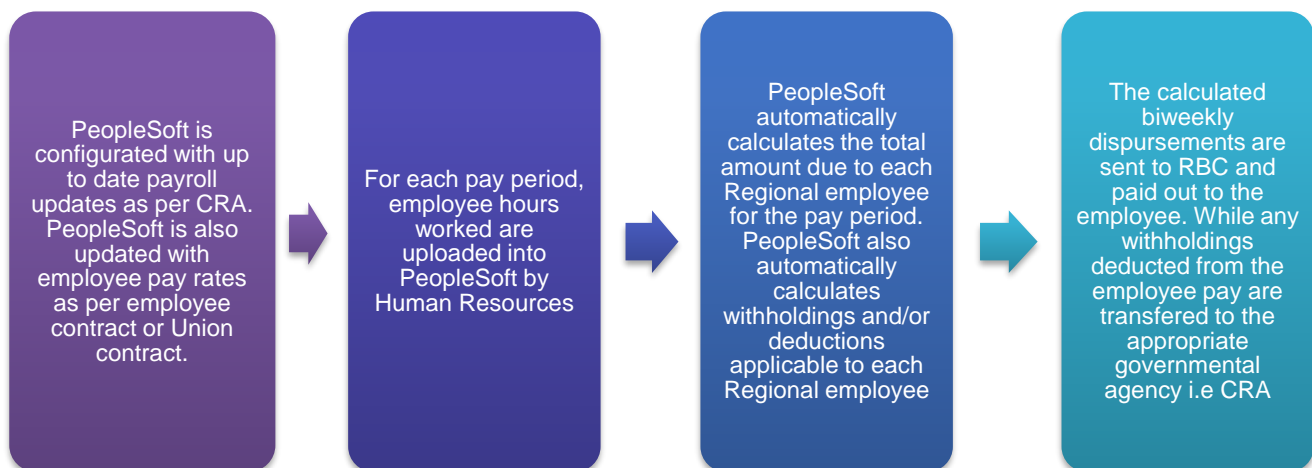
Overview of Payroll Processing at the Region

ICOP noted that the payroll process at the Region is automated and primarily completed by PeopleSoft HRIS software. To ensure an efficient payroll process the Region outsourced the management of its payroll back end services to Katalogic. Katalogic is a software company that specializes in payroll management, including managing and updating PeopleSoft software, creating pay sheets, performing various payroll uploads and running various payroll reports.

The Region's role in the biweekly payroll process is to ensure accurate hours worked by an employee is inputted into PeopleSoft for each pay period. HR also manages the updating of changes to an employee's employment status such as new hires and transfers, parental leave/maternity leave, terminations or changes to employee pay rates HR update these changes in the PeopleSoft software.

PeopleSoft is updated regularly by Katalogic with current payroll updates set by the Provincial and Federal government (CRA) as well as current rate of pay for each Regional employee. Upon entering an employee's total hours worked for the current pay period. PeopleSoft would automatically use the employee's pay rate and the preset payroll deductions to calculate the accurate amount of payroll withholdings as well as the salary to be disbursed to the Regional employee.

An illustration of the process is as follows:



APPENDIX III – ADDITIONAL BACKGROUND INFORMATION

Payroll and compensation is the single largest annual expense at Niagara Region. A summary of the actual salary expense (inclusive of salaries, wages and employee benefits) for 2016, 2017 and budgeted figures for 2018 are as follows:

	(in 1,000's of dollars)		
	Actual		Budgeted
	2016	2017	2018(*)
Niagara Region, all departments	\$380,236	\$338,540	\$401,811
Less: NRH	(4,586)	(4,831)	(4,752)
Less: NRPS	(138,904)	(141,695)	(144,587)
Less: Members of Council	(1,121)	(1,144)	(1,188)
Net	\$235,625	\$240,870	\$251,284

The net amounts can be further broken down into departments and divisions as follows:

Operating Unit(*)	(in 1,000's of dollars)		
	Actual		Budgeted
	2016	2017	2018(*)
Community Services	\$94,045	\$96,461	\$98,049
Corporate Administration	10,399	2,305	3,869
Corporate Services	nil	13,315	13,377
Court Services	1,963	1,882	2,000
Economic Development	735	930	nil
Enterprise Resource Management Services	15,912	10,735	11,781
Governance(**)	1,102	1,063	1,174
Planning and Development	3,718	3,590	5,136
Public Health and Emergency Services	70,356	72,707	75,438
Public Works	37,395	37,882	40,460
Total	\$235,625	\$240,870	\$251,284

(*) – Budgeted 2018 figures were based on original Council approval figures

(**) – Does not include Members of Council

In addition to a non-union agreement, Niagara Region currently has six collective agreements in place. They are as follows:

- CUPE 1019
- CUPE 1263
- CUPE 1287
- CUPE 1757
- ONA9 Homes
- ONA9 Public Health

APPENDIX IV – SUMMARY OF AREAS WHICH WERE REVIEWED IN PHASE 1 (TIMEKEEPING) VERSUS PHASE 2 (PAYROLL ACCURACY)

The following is a summary of which were reviewed in Phase 1 (Timekeeping) versus Phase 2 (Payroll Accuracy):

Scope Area	Phase 2: Payroll Accuracy	Phase 1: Timekeeping	To be Included in Future Audit
Segregation of duties – specific to the Kronos system	No	Yes	-
Accuracy of timekeeping records	No	Yes	-
Roles and responsibilities of Supervisors/Managers with relation to timekeeping	No	Yes	-
Testing for the existence of ghost and duplicate employees	No	Yes	
Segregation of duties – specific to the PeopleSoft system	Yes	No	-
Recalculation and verification of the amount of employee pay cheques	Yes	No	-
Payroll entries have been updated to the general ledger	Yes	No	-
T4's are accurate, complete and submitted in a timely manner	Yes	No	-
Employer portion of withholdings and other payroll taxes are accurate and remitted in a timely manner	Yes	No	-
Records of Employment (ROE) are complete, accurate and submitted on a timely basis	Yes	No	-
Processes relating to new employee on-boarding (setting up employee in the payroll system, initiating first payroll etc.)	No	No	Yes
Final pay calculations in relation to employee off-boarding	No	No	Yes

Subject: 2019 Audit Committee Schedule

Report to: Audit Committee

Report date: Monday, February 4, 2019

Recommendations

That Option 1 for the 2019 Audit Committee Schedule, as outlined in Report AC-C 1-2019, **BE APPROVED**.

Key Facts

- The purpose of this report is to seek Audit Committee's approval for a 2019 schedule of meetings.
- Audit Committee meetings historically occurred on Monday mornings, the following report identifies three options for Audit Committee's review.
- Staff is supportive of option 1.

Financial Considerations

There are no financial considerations regarding the options identified in this report. Staff will have dedicated time to support meetings of the Audit Committee regardless of when they are scheduled.

Analysis

In 2018, Audit Committee met five times (January 15 & 29, May 7, June 18 and September 10). The Municipal election prevented Audit Committee from meeting in Q4 of 2018. Historically, Audit Committee would meet at 9:30 on Mondays, however feedback received during exit interviews from the past term of the Audit Committee suggested moving the meetings to a more convenient time. Each planned report identifies the lead office bringing forward the report: Internal Control and Organizational Performance (ICOP) or Financial Management & Planning (FMP). Staff have prepared the following options:

Option 1 proposes five meetings for the balance of 2019 on Monday afternoons from 1-3:00pm.

Date	Planned Agenda Items
March 18, 2019	<ul style="list-style-type: none"> • Presentation of 2018/2019 completed audits (ICOP) • Review of Audit Committee Terms of Reference and Internal Audit Charter (ICOP) • 2019 Audit Plan progress update (ICOP)
May 6, 2019	<ul style="list-style-type: none"> • 2018 Consolidated Financial Statements (FMP) • 2018 Audit Management Letter (FMP) • Presentation of 2019 completed audits (ICOP) • Management Action Plan Update (ICOP) • 2019 Audit Plan progress update (ICOP)
June 24, 2019	<ul style="list-style-type: none"> • 2018/19 Audited Financial schedule of specific programs (FMP) • Presentation of 2019 completed audit reports (ICOP) • 2019 Audit Plan progress update (ICOP)
September 9, 2019	<ul style="list-style-type: none"> • 2018/19 Audited Financial schedule of specific programs (FMP) • Presentation of 2019 completed audit reports (ICOP) • Management Action Plan Update (ICOP) • 2019 Audit Plan progress update (ICOP)
December 2, 2019	<ul style="list-style-type: none"> • Presentation of 2019 External Audit Planning Report (FMP) • Presentation of 2019 completed audit reports (ICOP) • Management Action Plan Update (ICOP) • 2019 Audit Plan progress update (ICOP) • Internal Quality Assessment (ICOP) • Annual assessment of Committee effectiveness (Clerks) • 2020 Internal Audit Plan (ICOP) • 2020 Audit Committee Schedule (ICOP & FMP)

Option 2 proposes five meetings for the balance of 2019 on Thursdays afternoons from 1-3:00pm that do not coincide with evening Council meetings.

Date	Planned Agenda Items
March 21, 2019	<ul style="list-style-type: none"> • Presentation of 2018/2019 completed audits (ICOP) • Review of Audit Committee Terms of Reference and Internal Audit Charter (ICOP) • 2019 Audit Plan progress update (ICOP)
May 9, 2019	<ul style="list-style-type: none"> • 2018 Consolidated Financial Statements (FMP) • 2018 Audit Management Letter (FMP) • Presentation of 2019 completed audits (ICOP) • Management Action Plan Update (ICOP) • 2019 Audit Plan progress update (ICOP)
June 27, 2019	<ul style="list-style-type: none"> • 2018/19 Audited Financial schedule of specific programs (FMP) • Presentation of 2019 completed audit reports (ICOP) • 2019 Audit Plan progress update (ICOP)
September 12, 2019	<ul style="list-style-type: none"> • 2018/19 Audited Financial schedule of specific programs (FMP) • Presentation of 2019 completed audit reports (ICOP) • Management Action Plan Update (ICOP) • 2019 Audit Plan progress update (ICOP)
December 5, 2019	<ul style="list-style-type: none"> • Presentation of 2019 External Audit Planning Report (FMP) • Presentation of 2019 completed audit reports (ICOP) • Management Action Plan Update (ICOP) • 2019 Audit Plan progress update (ICOP) • Internal Quality Assessment (ICOP) • Annual assessment of Committee effectiveness (Clerks) • 2020 Internal Audit Plan (ICOP) • 2020 Audit Committee Schedule (ICOP & FMP)

Option 3 maintains the status quo of meetings on Monday mornings from 9:30 – 11:30am. The dates of these meetings would be identical to Option 1.

Additional Audit Committee meetings may be called by the Chair as required, and changes to planned agenda items may occur depending on direction from Audit Committee.

Alternatives Reviewed

Staff have reviewed the three options noted in this report and have provided alternatives for Audit Committee's consideration.

Relationship to Council Strategic Priorities

Selecting an Audit Committee meeting schedule that permits open dialogue for financial and internal control matters demonstrates Council's strategic priority of advancing organization excellence and doing business differently.

Other Pertinent Reports

AC-C 18-2017 - 2018 Audit Committee Schedule

Prepared by:

Maciej Jurczyk, CPA, CMA, CIA
Director
Enterprise Resource Management
Services

Prepared by:

Helen Chamberlain, CPA, CA
Director/Deputy Treasurer
Financial Management & Planning

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Enterprise Resource Management Services

Submitted by:

Ron Tripp, P. Eng.
Acting, Chief Administrative Officer

Appendices

None

Subject: Q1 2019 Follow-up Status of Audit Recommendations

Report to: Audit Committee

Report date: Monday, February 4, 2019

Recommendations

That report AC-C 3-2019 regarding the current status of audit recommendations **BE RECEIVED.**

Key Facts

- The purpose of this report is to provide Audit Committee with a status update on the degree of implementation of audit recommendations made since 2015.
- This report will cover all audits completed and issued up to the previous Audit Committee meeting, September 10, 2018.
- As part of the annual audit business cycle, the follow up process will be completed and reported to Audit Committee on a quarterly basis.
- A total of 34 audit recommendations were detailed in this audit report.
- Between 2017 and 2018, Internal Control and Organizational Performance (ICOP) has completed 14 internal audit reports.

Financial Considerations

There are no immediate budgetary considerations associated with this report. The audit recommendations and subsequent Management Action Plans (MAPs) had budgetary implications associated with their implementation and which are accommodated within current operating budgets.

Analysis

This report is intended to be an update on the status of Management's implementation of the audit recommendations since 2015. All recommendations that have not been fully implemented within the management approved timeframe will be highlighted in this report for Audit Committee's attention.

In total, Niagara Region has 74 audit recommendations brought forward through past completed audits. Details of these 74 recommendations are as follows:

- ICOP is satisfied that 51 of the recommendations have been fully implemented,

- In addition, nine of the recommendations are in progress and proceeding with satisfactory implementation plans in place,
- One of the recommendations put forth by ICOP is listed as not started. This recommendation will commence following Council decision points,
- Three recommendations remain on hold,
- Finally, ten recommendations are in progress, late.

The attached appendix provides a detailed status of all recommendations, including expected completion dates.

This type of follow up report is considered best practice as per the Institute of Internal Auditors guiding principles, which ICOP adheres to. The quarterly follow up process ensures that Management is held accountable for the implementation of action plans which it has committed to. The follow up provides valuable information to members of Audit Committee in the execution of their oversight and governance role.

Alternatives Reviewed

No other alternatives were reviewed at this time.

Relationship to Council Strategic Priorities

Value-For-Money audits were identified and approved as the previous Council's Strategic Priority – Advancing Organizational Excellence. The goal of this Strategic Priority was to *“Build a strong internal foundation for Niagara Region to enable a more prosperous Niagara.”*

Following completion on the 2015 and 2016 audits, Council approved having a permanent Internal Audit function situated within the renamed Internal Control and Organizational Performance division.

Other Pertinent Reports

AC-C 8-2017 Annual Follow Up Status of Audit Recommendations
AC-C 15-2018 Management Action Plan and Follow-up Status Report
AC-C 21-2018 Q1 2018 Follow up Status of Audit Recommendations
AC-C 34-2018 Q2 2018 Follow up Status of Audit Recommendations

Prepared by:

Maciej Jurczyk, CPA, CMA, CIA
Director
Internal Control and Organizational
Performance

Recommended by:

Todd Harrison, CPA, CMA
Commissioner
Enterprise Resource and Management
Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Frank Marcella, Internal Auditor and Henrik Gao, Internal Audit Analyst.

Appendices

Appendix 1 AC-C 3-2019 Appendix 1 - Final

Page 1

INTERNAL CONTROL & ORGANIZATIONAL PERFORMANCE FOLLOW UP STATUS REPORT Current Status as of January 24, 2019													
Audit Name		Total # of Recommendations	Not Started		In Progress				On Hold		Fully Implemented		Percentage Completion
			Previous Report	Current Report	Previous Report		Current Report		Previous Report	Current Report	Previous Report	Current Report	
					On Schedule	Behind Schedule	On Schedule	Behind Schedule					
2015	Burgoyne Bridge	8	-	-	1	4	-	1	2	2	2	5	<div><div></div></div> 63%
2016	Fleet Management	4	-	-	1	-	-	1	-	-	3	3	<div><div></div></div> 75%
2017	Purchasing Card (Pcard)	3	-	-	1	1	-	-	-	-	1	3	<div><div></div></div> 100%
	Fleet Parts Inventory and Fuel	9	1	1	1	3	-	3	-	1	4	4	<div><div></div></div> 44%
	Mobile Telecommunications	8	-	-	-	5	-	2	-	-	3	6	<div><div></div></div> 75%
2018	Waste and Recycling Drop-Off Depot Agreement	2	-	-	2	-	-	1	-	-	-	1	<div><div></div></div> 50%
	Payroll 1 - Timekeeping	3	n/a	-	n/a	n/a	2	-	-	-	n/a	1	<div><div></div></div> 33%
	Grants and Incentives	4	-	-	-	-	4	-	4	-	-	-	<div><div></div></div> 0%
	Information Technology Security and Data Backup Controls	20	-	-	9	-	3	2	-	-	11	15	<div><div></div></div> 75%
Total		61	1	1	15	13	9	10	6	3	13	38	<div><div></div></div> 62%

Audit: Burgoyne Bridge (2015)

Summary of Follow up Status:

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 28, 2018	Status as of January 11, 2019	Comments
1	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018
2	In progress	In progress	In progress	On Hold	
3	On Hold	On Hold	On Hold	On Hold	
4	In progress	In progress	Fully implemented	Fully implemented	
5, 6, 7	In progress	In progress	In progress	Fully Implemented	
8	On Hold	In progress	In progress	In Progress	

Recommendation #2		On Hold
Recommendation	Management Action Plan	Follow Up Comments
The Region should develop a policy and define criteria for sole and single sourcing.	Review of the existing policy (and newly implemented EFMS system) for sole and single sourced procurement to ensure that system controls are functioning as expected (Validate compliance & controls, report back on review). Undertake a best practice review of awarding contract administration on significant projects.	<p>As per Bart Menage (Director, Procurement & Strategic Acquisitions) on 01/8/2019: No change from the previous report. Developing and defining criteria for sole and single source procurement will be reviewed upon the completion of the Single/Sole Sourced Procurement audit included on the 2019 Audit Plan. Procurement Office is currently working on a revision to the overall Procurement Bylaw that is expected to be presented to Council in late 2019. These revisions will include updates to the Single/Sole Source provisions.</p> <p>As per Bart Menage (Director, Procurement & Strategic Acquisitions) on 01/10/2018: The Procurement Advisory Committee endorsed a work plan in November 2017 which includes a broad review of all policies and procedures. This includes review of single/sole sourcing contracts. In addition, ICOP will be completing an assurance audit on Single/Sole Source projects within 2018. The recommendations of that audit will be considered by the Procurement Advisory Committee for implementation. Anticipated close date: 2018</p>

Recommendation #3		On Hold
Recommendation	Management Action Plan	Follow Up Comments
The Region should develop a structured estimating process to allow for accurate monitoring, control, forecasting and reporting of project costs.	<p>1. Large construction projects: Provide estimates at various project stages utilizing the Services of qualified cost consultant's/quantity surveyors.</p> <p>2. Lifecycle renewal projects: Use structured estimating as applicable for the particular project.</p> <p>3. Structured cost estimating: Different cost estimating should be applied based on the type of capital project. Large projects should engage qualified cost consultants at various stages.</p> <p>4. Job order contracting: Pilot in progress for facilities lifecycle renewal projects and maintenance projects. Provides unit pricing for projects on an ongoing basis for a set term.</p>	<p>As per Kashif Siraj (Manager, Project Management Office) on January 11, 2019: Estimates for Capital Initiatives are developed as part of the business cases for budget approvals. PMO will be looking into standardizing Validation of these Estimates early on in the capital projects. Once the Asset Management Office is in place the PMO will collaborate and align with it on Estimation.</p> <p>As per Maciej Jurczyk (Director, Internal Control and Organizational Performance) on August 20, 2018: Discussions with Senior Management in PW and Finance in May 2018 resulted in ICOP taking a leadership role in cost estimating. Pending the creation of the project management office (PMO) on September 10, 2018, this unit will be accountable for this work going forward.</p> <p>Previously reported as of May 7, 2018: No change from the previous report. Due to staff leave of absence, special projects related to his recommendation have been put on hold until the department has hired a new Director.</p> <p>As per Richard Pankratz (Acting Director, Construction Energy & Facility Management) on 01/15/2018: <u>Implementation Status Summary</u> The project charter has been developed and approved. Information has been gathered including the commencement of the SWOT analysis. A cost estimating Roster of prequalified Cost Estimators/Quantity Surveyors is now in place. The Job Order Contracting (JOC) Pilot has been underway for over a year. This innovative new procurement method helps to expedite projects and gives accurate project pricing based on the construction task catalogue. This minimizes or eliminates project change orders for JOC projects. The initial project schedule has been revised to adapt to the other initiatives such as the project management initiative and, as a result, this project has been temporarily put on hold. This will allow for better integration of the VFM initiatives. Once the Asset Management initiative (initial phase) is complete and the Project Management project has</p>

		<p>reached the milestones of having completed the tiering, the manual and the templates, the Cost estimating project could start again.</p> <p><u>Implementation Completion Status</u> The anticipated reinitiating date is Q2 2018 (based on the state of the other initiatives that will feed into the Cost Estimating Initiative). Any delays in the completion of the project management initiative will impact the re-initiation date of the project cost estimating initiative.</p> <p>Note that the timeline now looks like this:</p> <ul style="list-style-type: none"> - Project initiation - August 2016 (complete) - Project charter- August 2016 (complete) - Data collection - in progress - Preliminary development - on hold pending PM initiative (Re-initiation anticipated for Q2, 2018) - Final development - on hold pending PM initiative - Rollout- on hold - Post rollout - on hold <p>Anticipated close date: On hold</p>
--	--	--

Recommendation # 5, 6, 7		Fully implemented
Recommendation	Management Action Plan	Follow Up Comments
5. The Region should develop a PM Manual which defines key processes, and the associated roles and responsibilities.	5. Region to engage professional services to help develop an integrated approach for project Management. The project scope of work will include the following: - PM Manual for top two tiers.	<p>As per correspondence with Kashif Siraj (Manager, Project Management Office) on Jan 11, 2019: This initiative is now complete. The PM manual has been created and approved. Updates to the manual will happen as part of the operational work of the PMO as required.</p> <p>As per Maciej Jurczyk (Director, Internal Control and Organizational Performance), August 20, 2018 A corporate re-organization will take place on Sept 10, 2018 resulting in the creation of a dedicated Project Management Office (PMO). The PMO will be responsible for rolling out the PM Manual created by the CIMA consultants. A degree of customization of this manual and toolkit will be required, including a strong emphasis on reporting and risk management.</p> <p>As per correspondence with Dheeraj Paul (Senior Corporate Project Manager) on 04/19/2018: A standardized manual to assist with processes and frameworks surrounding project management (tiering, communications, reporting, risk assessment, documentation, and close-out) is ready to be published. PM Manual planned publish date: May 18, 2018</p>
6. The Region should develop and implement a formal risk Management process for large capital projects.	6. Region to engage professional services to help develop an integrated approach for project Management. The project scope of work will include the following: - Staff training for relevant project staff.	<p>As per correspondence Kashif Siraj (Manager, Project Management Office) on Jan 11, 2019: Region launched a PMO that is rolling out a toolkit shortly along with the templates to introduce consistent practices & documentation on capital projects. As part of these standards a consistent approach to formal risk management on capital projects is also being developed and rolled out.</p> <p>As per Maciej Jurczyk (Director, Internal Control and Organizational Performance), August 20, 2018: A corporate re-organization will take place on September 10, 2018 resulting in the creation of a dedicated Project Management Office (PMO). The PMO will be responsible for rolling out a best-in-class PM methodology that</p>

<p>7. The Region should develop and implement standardized project reporting, which provides relevant, accurate and timely information, and is scalable according to the project.</p>	<p>7. Review of current corporate processes to:</p> <ol style="list-style-type: none"> 1. Determine immediate actions required to have all Burgoyne Bridge records brought into compliance 2. Develop document Management best practices <ul style="list-style-type: none"> - compare against lead/best practices and identify areas for improvement - ensure implementation of the process across the organization 3. Report back on this review and any proposed recommendations and actions. 	<p>includes among other things: a risk management tools and templates.</p> <p>As per correspondence with Dheeraj Paul (Senior Corporate Project Manager) on 04/19/2018: The general process related Enterprise Risk Management process and best practices is covered in the PM manual planned publish date: May 18, 2018 44 Regional staff has undergone standardized PM training for globally recognized certification for project managers; training for ISO 9001 certified Project Management Professional (PMP) designation through Project Management Institute (PMI). Region has now 18 recent PM certifications out of 44, who went through the training.</p> <p>As per Dheeraj Paul (Senior Corporate Project Manager) on 01/11/2018: A Regionalized PM manual that reflect each departmental and divisional unique project delivery needs, further respect to project's complexity and size will be made available to better manage projects and related delivery. Anticipated close date: Q2 2018. A well defined and regionally integrated risk management plan, a level at which risk management will be performed on all Region's capital projects. The frequency of risk management meetings, and risk updates process will be applied on a project as an on-going task through the lifetime of the project to proactively and collectively deal as risk arises.</p> <p>As per correspondence with Todd Norton (Senior Business Analyst) on Jan 11, 2019: This initiative is now complete. Standard project and portfolio reporting processes and artifacts for capital projects have been created. Processes templates and artifacts will be revised from time to time as part of the operational functions of the PMO</p> <p>As per Maciej Jurczyk (Director, Internal Control and Organizational Performance), August 20, 2018: A corporate re-organization will take place on September 10, 2018 resulting in the creation of a dedicated Project Management Office (PMO). The PMO will be responsible for among other things developing standard project and portfolio reporting across all capital projects. This will involve the investigation of a dedicated PM software to enhance project reporting.</p>
---	---	---

		<p>As per correspondence with Dheeraj Paul (Senior Corporate Project Manager) on 04/19/2018: An external project management consultant (CIMA+) retained to assist with the internal resource management and creation of an enterprise-wide PM methodology.</p> <p>A standardized PM manual has been developed (yet to be published) which addresses standardized project reporting, that provides relevant, accurate and timely information, and is scalable according to the Project. PM manual planned publish date is May 18, 2018</p> <p>A pilot project is currently underway to test the viability for integration of processes, workflows and techniques to assist with the reporting, project documentation and management of capital project lifecycle.</p> <p>As per Dheeraj Paul (Senior Corporate Project Manager) on 01/11/2018: A formal standardized project communications and reporting plan which, though standardized, will be adaptable and suitable to all project stakeholders, allowing them to successfully operate in a complex business operations. The plan is to :</p> <ul style="list-style-type: none"> - To improve communication of information within project and across Region - To simplify the processes of gathering and disseminating project information - To ensure that stakeholders receive necessary information - To communicate key messages about project progress - To improve Regional support for the project
--	--	---

Recommendation #8		In progress
Recommendation	Management Action Plan	Follow Up Comments
The Region should develop and implement a formal document Management process for all projects.	<p>Review of current corporate processes to:</p> <p>8a. Determine immediate actions required to have all Burgoyne Bridge records brought into compliance</p> <p>8b. Develop document Management best practices - compare against lead/best practices and identify areas for improvement</p>	<p>As per correspondence with Tom Jamieson (Associate Director, Application and Information Services) on 01/11/2019: To address gaps around process, management and information governance an audit of information and content has been scheduled for Jan. and Feb. This will entail sessions with each Department or Division to inventory key information (including documents) supporting their business, the processes around it and</p>

	<p>- ensure implementation of the process across the organization</p> <p>8c. Report back on this review and any proposed recommendations and actions</p>	<p>any risks or improvement opportunities. The information gathered through these sessions will support both the Business Intelligence and Enterprise Content Management (including document management) projects. Once this information has been analyzed, it will be used to create requirements for an Enterprise Content Management system which will be included in an RFP. It is anticipated that this RFP will be released in March.</p> <p>As per discussion with Tom Jamieson (Associate Director, Application and Information Services) on 08/24/2018:</p> <p>After researching best practices and on the advice of peer organizations who have undertaken similar projects, the team has determined that prior to going to RFP for a technology solution, it would be prudent to evaluate the Corporation's readiness and to develop a strategic roadmap to guide the project.</p> <p>In June 2018, a vendor with extensive expertise in assessing readiness for government organizations was engaged to facilitate a series of workshops to capture current state for the Region, as well as to assess the maturity of the organization.</p> <p>It is their recommendation, that the Region has some deficiencies to address before we are able to release an RFP, and that doing so prematurely would be a significant risk for the organization. The areas the Region must focus on prior to RFP are process management and information governance. By addressing these issues, the Region will increase our level of maturity (in information governance and process management). IT Services and the Office of the Regional Clerk, are working jointly on these items.</p> <p>Therefore, the project members recommend the Region focus on the priority areas identified by the vendor in the short-term prior to issuing an RFP for a technology solution.</p> <p>The Team also recommends contracting a Project Director using the capital budget for this initiative to oversee and coordinate the various streams of work and to manage deliverables and risk. The team will be bringing this information back to the Project Sponsors to endorse the proposed change of direction and to adjust timelines accordingly.</p>
--	--	--

		<p>As per discussion with Tom Jamieson (Associate Director, Application and Information Services) on 04/20/2018:</p> <p>Work will commence shortly on an RFP for a document and information management system with the release of the RFP targeted for end of June. In the interim and in parallel with RFP creation, leveraging synergies with the Business Intelligence project, we will be gathering requirements, and collecting information to inform the RFP and the foundational governance and cleanup work that will be required prior to system implementation. Anticipated completion date: June 30, 2018</p> <p>As per Tom Jamieson (Information Technology Services) on 01/12/2018:</p> <p>Due to staffing restructuring within Clerk's Office and Corporate Services, special projects related to document Management have been transferred to IT Services. This project will commence once resources and a workplan are finalized. Anticipated close date: On hold</p>
--	--	---

Audit: Fleet, Equipment Management and Replacement Process (2016)

Summary of Follow Up Status:

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 28, 2018	Status as of January 08, 2019	Comments
1	In progress	In progress	In progress	In progress	
2	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018
3	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018
4	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018

Recommendation #1		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1a. Formalize the Fleet Strategy and set priorities or areas of focus to provide direction to fleet services.</p> <p>1b. The strategy could be supported by a life cycle costing framework or align to the enterprise wide asset Management planning initiatives.</p> <p>1c. Performance and value metrics should be set to align to strategic directives and should be periodically tracked.</p> <p>1d. Council approval should be sought once the fleet strategy is documented.</p>	<p>1a. Develop a Fleet strategy statement to be presented to Public Works Committee for approval, prior to seeking approval from Regional Council (update report to Audit Committee to follow).</p> <p>1b. Fleet strategy will be incorporated into overall Asset Management Plan</p> <p>1c. Performance measures should be developed and tracked to align with the overall Fleet Strategy.</p> <p>1d. Review Fleet policies and procedures as required.</p>	<p>As per correspondence with Shawn McCauley (Associate Director, Transportation) on 12/19/2018: 1a. As part of restructuring a new division was created to run this area in 2019, once the new Associate Director is in place the division will finalize the statement. On target to complete this by end of Q1, 2019</p> <p>As per Shawn McCauley (Associate Director, Transportation) on 08/10/2018: 1a. Missions statement has been finalized and is under review by senior staff. Estimated completion date: 03/31/2019</p> <p>2 - 4. Previously completed</p> <p>As per Shawn McCauley (Associate Director, Transportation) on 04/03/2018: 1a. Management has reached out to staff regarding the mission statement but the mission statement has not yet been formalized. The winter season was busier than usual which prevented Management from formalizing the mission statement. Anticipated completion date: June, 2018</p>

		<p>As per Shawn McCauley (Associate Director, Transportation and Ken Williams, (Supervisor, Fleet Operations) on 01/08/2018:</p> <p>Mission statement was drafted but finalization was put on hold due to a reorganization of positions within the department. Management has indicated that they would like to involve staff within the department to get their feedback to fine tune the mission statement ahead of finalization.</p> <p>Anticipated close date: Q1 2018</p> <p>1b. Ongoing</p> <p>1c. Ongoing</p> <p>1d. Ongoing</p>
--	--	--

Audit: Purchasing Card (2017)

Summary of Follow Up Status:

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as August 24, 2018	Status as January 08, 2019	Comments
1	In progress	In progress	Fully implemented	Fully implemented	
2	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C15-2018
3	In progress	In progress	In progress	Fully implemented	

Recommendation #3		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>3a. Procurement and Finance should coordinate activities to improve the monitoring, training, administration of the PCard program.</p> <p>3b. Procurement and Finance should update the Procurement Card Policy to reflect current conditions and re-communicate the Policy to all cardholders and their respective approvers.</p>	<p>3a. The procurement and finance team have developed robust training materials for the PCard program. There are modules specific to cardholders and card approvers. All new leaders in the organization are contacted by our Education and Communication Advisor and asked to attend the PeopleSoft for Leaders course which includes a review of the PCard program and the responsibilities of card approvers. Self-paced online training, Purchasing with a Corporate Credit Card, is available to all cardholders on the Regions internal my Finance site. When new cards are issued, cardholders are required to sign and return a cardholder agreement. Management will add a clause to this agreement mandating that cardholders complete the self-paced online training course available on myFinance as part of their responsibilities.</p> <p>3b. As previously shared with Internal Control and Organizational Performance, as part of the information sharing kick-off session, Management acknowledges the need for amendments to the PCard policy, specifically to split the policy into two documents; the policy itself and a procedural manual. Management had already commenced this review and commit to completing this process by December 2017.</p>	<p>As per correspondence with Bart Menage on 01/05/2019: Under Training, there is a link to the old Corporate Purchase Card Online Course. Of note, both online courses, PCard training for Cardholders and Preparers and Pcard training for Approvers, have been updated and will be posted on the MyLearning website on Tuesday January 8th. The courses will be in an Adobe Captivate format, allowing Niagara Region to capture stats and both training packages will include some form of a quiz/multiple choice.</p> <p>As per Bart Menage (Director, Procurement & Strategic Acquisitions) on 08/20/2018: PCard Policy and Procedure was approved by ERMS SLT, Niagara Region, CLT, Corporate Services and culminating with Regional Council Approval on July 26, 2018. All current training material is located on The Vine but mandatory purchase card training has not yet been implemented through the Regions eLearning module. Procurement continues to work with Communication Learning staff on the training package and implementation into the module and course calendar.</p> <p>As per Bart Menage (Director, Procurement & Strategic Acquisitions) on 04/21/2018:</p>

3c. Procurement and Finance should expand their usage of available data to analyze cardholder and vendor trends to determine usage levels and identify potential opportunities for improvement and efficiencies.	3c. With a revised policy in place, Management would then endeavor to assess data/spend analytics to identify opportunities for improvement, efficiency and cost savings by leveraging spend and facilitating competitive procurements.	<p>A clause concerning Niagara Region's mandatory purchase card training has been drafted and is under review by the Director of Procurement and Strategic Acquisitions. Once approved, the clause will be added to the Cardholder Agreement form.</p> <p>As per Bart Menage (Director, Procurement & Strategic Acquisitions) on 01/15/2018: With regards to Central Corporate Control Improvements, specifically item 2, Procurement has taken great strides in updating the current policy from 2005. This process included engaging in a best practice investigative process and working collaboratively with many departments to ensure the best result for the policy and complimentary procedural manual. Final preparations are ongoing to present the new policy and procedure to ERMS SLT, Niagara Region CLT, and through both Corporate Services Committee and Council. It is anticipated that this process of senior level review and consultation will extend the completion date for this item out to April 2018. Pursuant to the aforementioned assessment of spend and data analytics (already identified on the Procurement Advisory Work Plan) will commence with regards to PCard spend. Anticipated close date: Q2 2018</p>
--	---	--

Audit: Fleet Parts Inventory and Fuel (2017)

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 24, 2018	Status as of January 08, 2019	Comments
1	In progress	In progress	In progress	On Hold	
2	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C 21-2018
3	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C 21-2018
4	Not Started	Not Started	Not Started	Not Started	
5	In progress	In progress	In progress	In progress	
6	In progress	In progress	In progress	In progress	
7	Fully implemented	Fully implemented	Fully Implemented	Fully Implemented	Refer to AC-C 21-2018
8	In progress	In progress	In progress	In progress	
9	Fully implemented	Fully implemented	Fully Implemented	Fully Implemented	Refer to AC-C 21-2018

Recommendation #1		On Hold
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Fuel dip tests should be conducted two times a week in order to monitor fuel levels and perform reconciliations. The twice-weekly dip tests should be conducted at the start of the work week, first shift Monday morning, and then the end of the work week, last shift Friday evening.</p> <p>2. Fuel reconciliations should be completed on a daily basis. The reconciliations should account for opening fuel levels, deliveries and consumption for the day. This amount should be compared and reconciled to the twice-weekly fuel dip tests. Variances should be examined.</p> <p>3. Assuming that the Niagara Region will retain ownership and continue to operate the Recycling Centre, Niagara Region staff should research the cost associated, and if feasible, install automatic fuel pumps in correlation with an automated fuel management system (such as the CoenCorp system utilized by Public Works).</p> <p>4. In the interim, the Recycling Centre should continue and/or begin the following:</p> <p>a. Implement and enforce a policy whereby circle checks are not allowed to be turned in with nil values. The employee is required to fill out the circle check, indicating the amount of fuel they pumped into their unit or they are required to indicate that nil fuel was pumped and initial the box. Each form should be signed by the operator on a daily basis in order to improve and foster accountability.</p> <p>b. A ticket system should be implemented for any fueling transactions not completed at the time of the circle check. The ticket system will ensure that there is a tracking system in place for all fuel transactions which will improve record keeping, reporting and directly affect the ability to complete reconciliations.</p>	<p>1. As per recommendation 1, Niagara Region staff to conduct manual dip test twice weekly to reconcile fueling transactions throughout the week. Dip stick ordered and received on Nov 22nd. Implementation starting week of November 27, 2017.</p> <p>2. As per recommendation 2, Niagara Recycling staff will complete fuel reconciliations on a daily basis. Niagara Region's Contract Manager will be responsible for reviewing tracking spreadsheet every month to look for variances/discrepancies. First monthly review scheduled for January 2018. Daily reconciliations start date November 13, 2017.</p> <p>3. As per recommendation 3, and dependent on Council's direction on Niagara Region's role in recycling processing operations as part of the Waste-Free Ontario Act, Niagara Region's Contract Manager will research automated systems used at Regional facilities, and, depending on cost, will procure and install automatic fuel pumps in correlation with an automated fuel management system.</p> <p>4. Implementation of a ticket based system for all fueling transactions. Staff will no longer be documenting information on circle checks, as circle check is complete at beginning of shift and fuel transactions occur throughout the day.</p> <p>Alternatively, as per recommendation 4b, ticket information includes the following: date, unit number, fuel usage, odometer reading and signature of operator. Complete - started Nov 13, 2017.</p>	<p>As per Jennifer Wilson (Supervisor, Waste Management) on 01/22/2019: Action plan is awaiting to be presented and approved by Council. No data has been provided when it will be presented at this point.</p> <p>As per discussion with Jennifer Wilson (Supervisor, Waste Management) on 08/10/2018:</p> <ol style="list-style-type: none"> 1. Fully implemented 2. Fully implemented 3. Dependent on Council's direction and will be implemented once a decision is known 4. Fully implemented <p>As per correspondence with Jennifer Wilson (Supervisor, Waste Management) on 04/04/2018:</p> <ol style="list-style-type: none"> 1. Fully implemented 2. Fully implemented 3. Dependent on Council's direction 4. Fully implemented

Recommendation #4		Not Started
Recommendation	Management Action Plan	Follow Up Comments
Public Works should research the cost and, if feasible, implement the CoenCorp automated fueling system at the Smithville yard.	Staff are in the process of reviewing the recommendations from a consultant report on Niagara Patrol Yards Retrofit, Smithville and Pelham Patrol Yards completed in 2013 that has been on hold while we completed an external audit on Snowplowing, Road Maintenance and Landscaping Services. Based on the recommendations in these reports and the condition of the fueling system at the Smithville Yard, staff are not recommending installing the CoenCorp fuel system at this time. If staff follow through with the recommendation to consolidate both yards into one facility, the fueling system at Pelham was built to be transferable to the new consolidated yard location. The current fuel storage system as Smithville is undersized and was built only as a temporary measure. If a final decision is made to keep Smithville Patrol Yard open than the costs of installing new tanks with the CoenCorp fuel system will be incorporated within the capital budget.	<p>As per correspondence with Shawn McCauley (Associate Director, Transportation) on 12/19/2018: Delayed until restructuring of the division is complete. Estimated completion date: June 30, 2019</p> <p>As per correspondence with Shawn McCauley (Associate Director, Transportation) on 08/10/2018: A consultant is going to be hired to conduct a yard rationale study in 4th quarter of 2018.</p> <p>Reported as per May 7, 2018: Dependent on decision to consolidate the yards or not.</p>

Recommendation #5		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Inventory cycle counts should continue to be conducted on a quarterly basis. Staff working at each respective yard should be informed of the count results and required to follow up with Management on variances.</p> <p>2. Management should develop an internal guideline as to how many variances are considered to be an acceptable variance</p>	<p>1. Inventory cycle counts are part of our current inventory process guideline manual in Cityworks, this document will be updated to include the M5 inventory.</p> <p>2. Current Cityworks internal inventory process identifies a variance reporting mechanism and a process for recounts if there are any unusual variances. The manual will be updated to include the M5 inventory including identifying acceptable variance limits.</p>	<p>As per discussion with Shawn McCauley (Associate Director, Transportation), on 12/19/2018: 1-3. Process updated and utilized to conduct year end counts. 4. Previously completed. 5. Upgrade required as part of the division's mobile solution strategy. Currently waiting on IT. 6. Delayed until the restructuring of the division is complete Estimated completion date: June 30, 2019</p> <p>As per discussion with Shawn McCauley (Associate Director, Transportation) on 08/10/2018:</p>

<p>3. When unacceptable variances are noted on more than one occasion, Management should conduct cycle counts on a more frequent basis (bi-monthly) in order to ensure inventory existence and accuracy until counts are within acceptable variance limits</p> <p>4. The Smithville inventory storage room should be reorganized using the bin location format applied at the other locations</p> <p>5. Management should implement a system, whereby staff taking an inventory item off the shelf, he/she uses the hand held scanner to scan the barcode affixed to the shelving to add the item to the work order rather than manually adding the item, mitigating the risk of an incorrect item being added to the work order</p> <p>6. If Public Works decides to consolidate the current yard locations, they should investigate the incremental cost of adding a stock clerk to the remaining location(s)</p>	<p>3. The update manual will include a section on a procedure to handle unacceptable variances including recommending bimonthly counts where required</p> <p>4. Staff will reorganize Smithville into bin locations after the 2017 year end inventory reconciliation</p> <p>5. Current scanners are not capable of adding items directly onto a work order. Staff will review and determine if this functionality can be programmed into our current scanners or will an upgrade be required</p> <p>6. Staffing levels will be reviewed once a decision on the yard locations is made, including adding an additional staff member to deal with the stock at the Patrol Yards. Currently there are only two Road Operations Clerk for the four Patrol Yards. These positions have stock responsibility in their job descriptions, adding a third in a three yard model will help control both fleet and road inventory levels</p>	<p>1. In progress 2. In progress 3. In progress 4. Complete 5. In progress 6. Consultant to be hired to conduct yard rationale study in 4th quarter of 2018.</p> <p>As per correspondence with Shawn McCauley (Associate Director, Transportation and Fleet Operations) on 04/05/2018:</p> <p>1. In progress due to staffing. There has been a vacancy in the Traffic Manager position and as a result, have not been able to fully implement management action plan. Anticipated completion date: 09/30/2018</p> <p>2. In progress due to staffing. See comment above. Anticipated completion date: 09/30/2018</p> <p>3. In progress due to staffing. See comment above. Anticipated completion date: 09/30/2018</p> <p>4. Fully implemented</p> <p>5. In progress due to staffing. See comment above. Anticipated completion date: 09/30/2018</p> <p>6. Dependent on determination on whether or not to consolidate yards</p>
---	---	--

Recommendation #6		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Management should continue to encourage the use of the key fobs and the follow up of employees when it is noted that the key fob was not used at the respective gas station</p> <p>2. Management should inquire with the key fob provider if there are any increased savings plans based on volume of fuel they are purchasing on an annual basis</p>	<p>1. We observe approximately a 30% utilization of the key fob vs. Visa card. We will communicate with staff to use key fob or Visa Card with key fob vendor as first choice, and use alternate fuel providers if key fob vendor is not available. We will set up a meeting involving upper management, fleet and our Operation's team to discuss the best course of action to increase the use of the key fob</p> <p>2. We will reach out to Corporate, ICOP and key fob vendor sales representative to see if further discounts can be gained or if there are other incentive programs</p>	<p>As per conversation with Ralph Paolini (Manager, EMS and Support Services) on 12/19/2019: Procurement is in the process of completing the work.</p> <p>As per conversation with Ralph Paolini (Manager, EMS and Support Services) and Bart Menage (Director, Procurement and Strategic Acquisitions) on 08/20/2018: Procurement is in the process of completing the work.</p>

	available since we adopted the use of the key fob. Our Pcard is used approximately 70% of the time and reconciling the monthly statement is time consuming and lends itself to risk of human error. We will be seeking out advice from our Region IT dept. to see if they can come up with an electronic solution to automatically populate our current internal spread sheets to mitigate human error.	As per correspondence with Ralph Paolini (Manager, EMS and Support Services) on 03/27/2018: 1. Fully implemented. 2. EMS has found 2 providers that would meet all of their requirements (volume discounts, store hours, security aspects when dealing with PCard of fob, recoding keeping, user friendliness). EMS is currently working with Procurement on completing this MAP.
--	---	--

Recommendation #8		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Management should discuss with the key fob provider if there is a capacity in which they can receive the statement electronically and download them into their vehicle operation data report or online platform in order to save time and mitigate the risk of human error</p> <p>2. Management should download PCard transactions and download the transactions into their vehicle operation data report or online platform in order to save time and mitigate the risk of human error. EMS may want to discuss with the IT department a spreadsheet in which the PCard data can be downloaded, sorted and summarized based on their requirements for the vehicle operation data report.</p>	<p>1. We will meet with Corporate and fuel provider to investigate any software upgrades (mileage, vehicle call sign ID, signature, cost and litres used) of their system for reconciling monthly statements</p> <p>2. Our Pcard is used approximately 70% of the time and reconciling the monthly statement is time consuming and lends itself to risk of human error. We will be seeking out advice from our Region IT dept. to see if they can come up with an electronic solution to automatically populate our current internal spread sheets to mitigate human error.</p>	<p>As per conversation with Ralph Paolini (Manager, EMS and Support Services) on 12/19/2019: Procurement is in the process of completing the work.</p> <p>As per conversation with Ralph Paolini (Manager, EMS and Support Services) and Bart Menage (Director, Procurement and Strategic Acquisitions) on 08/20/2018: Procurement is in the process of completing this work.</p> <p>As per correspondence with Ralph Paolini (Manager, EMS and Support Services) on 03/27/2018: For both Management Action Plan 1 and 2, EMS has found 2 providers that would meet all of their requirements (volume discounts, store hours, security aspects when dealing with PCard or fob, recording keeping, user friendliness). EMS is currently working with Procurement on completing this MAP.</p>

Audit: Mobile Telecommunications (2017)

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 24, 2018	Status as of January 08, 2019	Comments
1	In progress	In progress	In progress	Fully implemented	
2	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018
3	Fully implemented	Fully implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018
4	In progress	In progress	In progress	Fully implemented	
5	In progress	In progress	In progress	Fully implemented	
6	In progress	Fully Implemented	Fully implemented	Fully implemented	Refer to AC-C-21-2018
7	In progress	In progress	In progress	In progress	
8	In progress	In progress	In progress	In progress	

Recommendation #1		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>1. IT should reconcile the AirWatch listing with the Rogers listing and investigate all differences.</p> <p>2. The reconciled inventory listing should ne updated and regularly maintained for all distributed and redeployed devices. Additionally, IT should develop their own internal tracking</p>	<p>1. AirWatch is a configuration management tool. IT will review the difference between AirWatch and Rogers listing and reconcile.</p> <p>2. IT will incorporate a workflow within the Servicedesk tool to ensure AirWatch database is maintained and updated with any moves, adds, or changes. The Servicedesk tool will also serve as asset management repository.</p>	<p>As per correspondence with Julie Max (01/07/2019): The smartphone refresh has been completed and all telecom assets have been captured and recorded with our Incident Monitor system.</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/10/2018: A corporate refresh will be starting September 10, 2018 and is expected to last 4 to 6 weeks. All new inventory will be put into Incident Monitor system as assets that will be formally tracked. This will be in place for all Telecom assets that have appropriate value and are identifiable by a serial number/IMEI number moving forward. Expected completion date: October 31, 2018.</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 04/24/2018:</p> <p>1. Currently underway Anticipated completion date: 09/30/2018</p> <p>2. Internal processes are underway to ensure inventory lists are updated and maintained Anticipated completion date: 09/30/2018</p>

Recommendation #4		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>1. The Region should capitalize on the functionality within current operating systems and future reporting tools being considered to better identify, monitor and report on excessive usage in order to improve overall compliance rates.</p> <p>2. IT should develop the competencies within their staff complement to provide corporate oversight to the mobile device program and improve reporting to local managers.</p>	<p>1. Currently invoices are distributed to the relevant departments and there is no easy way to review overages and trends.</p> <p>2. IT will continue to negotiate the acquisition of a 3rd party mobile billing management tool. The mobile billing tool should have the ability for reports to be auto generated for distribution to staff, accountable managers and senior management for review and approval of cellular invoices. This will assist supervisors and managers in identifying excessive usage, usage trends and provide better transparency and accountability.</p>	<p>As per correspondence with Julie Max (01/07/2019), Corporate Usage and controllership oversight – Telecom Expense System Pilot is complete and we will be rolling it out in the fall. Pilot in IT was successful. Waiting on Rogers VOR to be signed before we can proceed with implementation. Est completion date Q4 2018 – Finalizing legal agreement. Estimated completion for Telecom Expense system will be end of Q1 2019.</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/10/2018: The Telecom Expense System Pilot is complete and it will be rolling out in the fall, 2018. Pilot in IT was successful. Waiting on Rogers VOR to be signed before the implementation can proceed. Estimated completion date: 12/31/2018</p> <p>As per discussion with Julie Max (Associate Director, Infrastructure and Operations) on 04/24/2018: A proof of concept is currently underway to assess 3rd party billing with reporting capabilities. Anticipated completion date: 09/30/201</p>

Recommendation #5		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>1. All phones retrieved from staff no longer employed at the Region should be given back to IT to redeploy corporately to new mobile applicants.</p> <p>2. An email group that includes IT staff managing the active directory and mobile telecommunications should be set up. When an employee leaves the organization, HR will email the group of the employee so that the mobile IT staff can run a search on Rogers to identify if they are a mobile user. If they are, IT can contact the local manager to retrieve the device for redeployment or to drop to a voice plan only.</p>	<p>1. IT will be implementing a new process to ensure that all hardware (PC's and smartphones) is collected by IT for redeployment.</p> <p>2. IT will be modifying its workflow process to ensure Telecom staff is notified of any moves, adds, changes or terminates for collection and disabling of smartphones.</p>	<p>As per correspondence with Julie Max (01/07/2019): Process modifications – IT has collected and continues to collect smartphones from staff. With the Telecom Expense system that will be put in place, managers will get notice of active and inactive phones in their Dept ID. IT will be communicating the expectation that phones no longer in use will be made aware to us via servicedesk so that Telecom will be able to arrange cancelations and re-distribution of hardware where necessary. Est completion date Q4 2018. IT has created an IT asset form for staff to request and Dept ID owners to approve. - Completed</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/10/2018: IT has collected and continues to collect smartphones from staff. With the Telecom Expense System that will be put in place, managers will get notice of active and inactive phones in their Dept ID. IT will be communicating the expectation that phones no longer in use will be made aware to us via service desk so that Telecom will be able to arrange cancelations and re-distribution of hardware where necessary. Estimated completion date: 12/31/2018</p> <p>As per discussion with Julie Max (Associate Director, Infrastructure and Operations) on 04/24/2018: Currently underway. Anticipated completion date: 06/30/2018</p>

Recommendation #7		In Progress
Recommendation	Management Action Plan	Follow Up Comments
IT staff should research the benefits of 3rd party mobile management software further and consider implementation	IT staff is currently assessing Telecom Expense Management (TEM) solution to assist with management of devices and to achieve great transparency for the IT staff, managers and end user. Costs associated with a TEM solution run in the range of a \$3-\$10/device/month.	<p>As per correspondence with Julie Max (01/07/2019): TEM system POC just completed – Q4 likely for prod deployment once we get VOR signed. – end of Q1 2019</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/10/2018: TEM system POC has been completed. Product deployment will likely be Q4, 2018 once the VOR is signed. Estimated completion date: 12/31/2018</p> <p>As per discussion with Julie Max (Associate Director, Infrastructure and Operations) on 04/24/2018: Currently underway. Anticipated completion date: 09/30/2018</p>

Recommendation #8		In Progress
Recommendation	Management Action Plan	Follow Up Comments
The Region should reach out to Rogers and draft and formalize a written contract.	Report DCAO01-2017, Cellular Devices & Services Contract was approved at Corporate Services Committee on April 19, 2017. The recommendation was to leverage the existing VOR agreement. This was approved. Procurement and Legal are in the process of formalizing the agreement with Rogers.	<p>As per correspondence with Julie Max (01/07/2019): VOR – Should be completed soon. Legal currently signing it and we are waiting on them – Q4 likely for completion - end of Q1 2019</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/10/2018: The VOR should be completed soon. Currently awaiting signatures from legal. Estimated completion date: 12/31/2018</p> <p>As per discussion with Julie Max (Associate Director, Infrastructure and Operations) on 04/24/2018: Currently underway. Anticipated completion date: 05/30/2018</p>

Audit: Waste and Recycling Drop-Off Depot Agreement Audit (2018)

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 24, 2018	Status as of January 08, 2019	Comments
1	N/A	N/A	In progress	In progress	
2	N/A	N/A	In progress	Fully Implemented	

Recommendation #1		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Waste Management staff at Niagara Region should discuss with the vendor the possibility of including tipping fee as one of the selected data fields on the daily transfer of information. Waste Management should request that the pre-tax tipping fee amount, tax amount and gross tipping fee amount be reported on a daily basis so that monthly and quarterly reconciliations may be completed easier.</p> <p>2. Waste Management staff should discuss with the vendor, the possibility of enhancing the reporting process so that both tonnage and revenues are reported on a quarterly basis. As a result of the enhancements, Waste Management staff may be able to reconcile the systems, compute royalty amounts and monitor information with increased ease and efficiency.</p>	<p>1. Niagara Region holds quarterly meetings with the vendor. The next meeting is to be scheduled in late Q2. The issue will be brought forward to see if tipping fee can be a selected data field. The Region will investigate if the quarterly report can be done on a monthly basis showing pre-tax tipping fee amount, tax amount and gross tipping fee amount.</p> <p>2. Niagara Region hold quarterly meetings with the vendor. The next meeting is to be scheduled in late Q2. The issue will be brought forward to see if tonnage can be added to the quarterly report. If the vendor is in agreement to supply this information.</p>	<p>As per correspondence with Andrew Winters (Waste Disposal Operations Program Manager) on 01/09/2019: 1. The vendor currently are unable to select this data field. Next time they have to upgrade their program they will look at feasibility if they can implement this request. 2. The vendor agreed that they would add the tonnages to the quarterly report. They will start in Q4 report.</p> <p>As per discussion with Andrew Winters (Waste Disposal Operations Program Manager) on 08/16/2018: A meeting was held with the Vendor on June 4, 2018 in which items #1 and #2 were raised. The Vendor is going to go back to their IT department for validation but Vendor didn't think it would be an issue. MAP#1 is still on target to be completed for the original September 30, 2018 completion date. The Vendor indicated that item #2 would be completed at the same time.</p>

Recommendation #2		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>Waste Management staff, with the help of necessary subject matter experts, should review the capabilities of the system in order to determine if it is possible to correct the system so that all transactions associated with a ticket are uploaded into the Region's system. As a result, the Region would be ensuring the completeness of the data in the system on a daily basis.</p>	<p>Niagara Region will put a request into IT to review the program and identify what options are available.</p>	<p>As per correspondence with Andrew Winters (Waste Disposal Operations Program Manager) on 01/09/2019: The action plan has completed</p> <p>As per discussion with Andrew Winters (Waste Disposal Operations Program Manager) on 08/16/2018:</p>

		The request has been submitted to the IT department. It is expected to be dealt with in Q3/Q4 2018 due to other projects. Waste Management is working on with IT. Expected completion date: 12/31/2018
--	--	--

Audit: Grants and Incentives Audit (2018)

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 24, 2018	Status as of January 24, 2019	Comments
1	N/A	N/A	On Hold	In progress	
2	N/A	N/A	On Hold	In progress	
3	N/A	N/A	On Hold	In progress	
4	N/A	N/A	On Hold	In progress	

Recommendation #1		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Regional Council needs to reaffirm the alignment of current programs with Council objectives and/or priority projects at least once during each term of Council.</p> <p>2. Regional Council needs to rationalize the number of programs that it manages and funds and ensure that new or remaining programs have direct alignment to the Region's core mandate. The Region should develop an exit strategy to terminate its participation in the following programs: Building and Facade; Heritage Restoration and Improvement; Environmental Assessment; Planning Studies; Residential Grant/Loan</p> <p>3. Regional Council needs to reconsider its participation in the following programs given the limited client uptake: Agricultural Buildings and Facilities Revitalization Grant/Loan; Agricultural Feasibility Study Grant; and Affordable Housing Grant/Loan Program</p> <p>4. The Region needs to re-evaluate its role as the administrative lead in Niagara Investment in Culture and consider either providing block funding to Local Area</p>	<p>Representatives from Economic Development, Finance and Planning and Development have reviewed the observations and associated comments provided in Phase 1 and 2 of the Grant and Incentives Programs audit. The implementation of the observations as proposed needs to be carefully considered as there would be significant impact on:</p> <ul style="list-style-type: none"> - the delivery of grant and incentives programs - resources allocated within Regional Departments and Local Area Municipalities; and - the applicants of the grant and incentive programs <p>In order to adequately assess the observations and make considered recommendations on grant and incentive programs moving forward, it is recommended that a Working Group is established consisting of representatives from Economic Development, Finance, Planning and Development and ICOP. The Working Group will report to CLT.</p>	<p>As per correspondence with Marian Bannerman (Program Manager, Grants and Incentives) on 01/24/2019:</p> <p>As outlined in the Management Action Plan, an inter-departmental Incentive Review Working Group met several times during Q4 2018 to develop recommendations regarding potential incentive target areas and options for program resourcing and delivery. An education session for Regional Council on existing Regional incentive programs and the status and next steps of the Incentive Review is anticipated in February 2019, with a similar session anticipated to be provided for interested Local Area Municipal staff in March. Following leadership review of the Working Group recommendations, a report will go forward (likely in May-June 2019) to Planning and Economic Development Committee and Regional Council for consideration.</p> <p>As per Doug Giles (Director, Community and Long Range Planning) and Marian Bannerman (Grants and Incentive Program Manager) on 08/24/2018:</p>

<p>Municipalities or transfer full administrative responsibility to an external agency (i.e.: Niagara Prosperity Initiative, Prokids).</p> <p>5. The Region should consider repurposing budgets and resources from any programs it is no longer financially supporting to those programs that have high strategic alignment to ensure these programs are being delivered at the appropriate financial scope and scale.</p>	<p>A report will be going go Planning and Development Committee that highlights the result of a survey of Local Area Municipalities. A full strategy on how to implement the recommendations will be developed in Q1 2019 following an orientation to the various programs delivered for the new Regional Council.</p>
--	--

Recommendation #2		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Regional staff needs to develop foundational documents such as a Master Agreement and Standard Operating Procedures in conjunction with its LAM partners. Some items to be included within the master agreement are:</p> <ul style="list-style-type: none"> a. Details of the program objectives from a Regional perspective b. Regional criteria to be considered during application evaluation/approval and post-award monitoring phases, i.e. jobs created, minimum external investment threshold. c. Enforcement of Regional standards and approval procedures <p>2. Regional staff, along with LAMs, should define its optimal business model, such as a delegated authority model. This will establish the parameters around the business relationship and support the description of roles and responsibilities for all parties in the delivery of grant and incentive programs.</p> <ul style="list-style-type: none"> a. If the Region continues with Type B and Type C program models, whereby the LAMs provide post-award monitoring or verification, then a right to audit clause should be developed and enforced. b. As an alternative, if a right to audit clause cannot be agreed upon within the master agreement, the Region should consider implementing an indemnity clause to protect the Region from exposure to legal or financial liability. <p>3. Following the drafting of a Standard Operating Procedure for all the programs, the Region should develop flow charts and work descriptions that detail the following service levels:</p> <ul style="list-style-type: none"> a. Appropriate level of due diligence required from each party 	<p>Representatives from Economic Development, Finance and Planning and Development have reviewed the observations and associated comments provided in Phase 1 and 2 of the Grant and Incentives Programs audit. The implementation of the observations as proposed needs to be carefully considered as there would be significant impact on:</p> <ul style="list-style-type: none"> - the delivery of grant and incentives programs - resources allocated within Regional Departments and Local Area Municipalities; and - the applicants of the grant and incentive programs <p>In order to adequately assess the observations and make considered recommendations on grant and incentive programs moving forward, it is recommended that a Working Group is established consisting of representatives from Economic Development, Finance, Planning and Development and ICOP. The Working Group will report to CLT.</p>	<p>As per correspondence with Marian Bannerman (Program Manager, Grants and Incentives) on 01/24/2019:</p> <p>As outlined in the Management Action Plan, an inter-departmental Incentive Review Working Group met several times during Q4 2018 to develop recommendations regarding potential incentive target areas and options for program resourcing and delivery. An education session for Regional Council on existing Regional incentive programs and the status and next steps of the Incentive Review is anticipated in February 2019, with a similar session anticipated to be provided for interested Local Area Municipal staff in March. Following leadership review of the Working Group recommendations, a report will go forward (likely in May-June 2019) to Planning and Economic Development Committee and Regional Council for consideration.</p> <p>As per Doug Giles (Director, Community and Long Range Planning) and Marian Bannerman (Grants and Incentive Program Manager) on 08/24/2018:</p> <p>A report will be going go Planning and Development Committee that highlights the result of a survey of Local Area Municipalities. A full strategy on how to implement the recommendations will be developed in Q1 2019 following an orientation to the various programs delivered for the new Regional Council.</p>

<p>b. Communication requirements and frequency, c. Documentation to support application approval and payment processing d. Ongoing and post-award monitoring to ensure application criteria have been satisfied; and e. Timeliness and quality of project, program and performance reporting.</p>		
---	--	--

Recommendation #3		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Regional staff needs to further develop performance measures for all of its grant and incentive programs along with templates to support the LAMs in the collection, verification and reporting on the program successes. As a foundation the Region should develop performance measures categorized by volume, outputs, and performance and qualitative as described in Appendix X.</p> <p>2. Regional staff needs to develop an effective post-award monitoring methodology, especially for Type C programs, those administered by the LAMs and funded by the Region.</p> <p>3. Regional staff needs to conduct regular comprehensive program evaluations (i.e. once per Council term) to ensure program objectives are continuously satisfying its original and intended goals. For all programs the Region should develop a sunset clause that defines the timing of when to conduct program evaluations.</p>	<p>Representatives from Economic Development, Finance and Planning and Development have reviewed the observations and associated comments provided in Phase 1 and 2 of the Grant and Incentives Programs audit. The implementation of the observations as proposed needs to be carefully considered as there would be significant impact on:</p> <ul style="list-style-type: none"> - the delivery of grant and incentives programs - resources allocated within Regional Departments and Local Area Municipalities; and - the applicants of the grant and incentive programs <p>In order to adequately assess the observations and make considered recommendations on grant and incentive programs moving forward, it is recommended that a Working Group is established consisting of representatives from Economic Development, Finance, Planning and Development and ICOP. The Working Group will report to CLT.</p>	<p>As per correspondence with Marian Bannerman (Program Manager, Grants and Incentives) on 01/24/2019: As outlined in the Management Action Plan, an inter-departmental Incentive Review Working Group met several times during Q4 2018 to develop recommendations regarding potential incentive target areas and options for program resourcing and delivery. An education session for Regional Council on existing Regional incentive programs and the status and next steps of the Incentive Review is anticipated in February 2019, with a similar session anticipated to be provided for interested Local Area Municipal staff in March. Following leadership review of the Working Group recommendations, a report will go forward (likely in May-June 2019) to Planning and Economic Development Committee and Regional Council for consideration.</p> <p>As per Doug Giles (Director, Community and Long Range Planning) and Marian Bannerman (Grants and Incentive Program Manager) on 08/24/2018: A report will be going go Planning and Development Committee that highlights the result of a survey of Local Area Municipalities. A full strategy on how to implement the recommendations will be developed in Q1 2019 following an orientation to the various programs delivered for the new Regional Council.</p>

Recommendation #4		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. The Region should work with LAMs to develop an effective web portal and Regional website landing page to improve communication, reporting, and sharing of information and documentation between partner municipalities.</p> <p>2. The Region needs to study the merits, benefits and risks of converting grant programs to loans to create greater sustainability.</p> <p>3. The Region should develop minimum investment thresholds (i.e. \$100,000 per project) to increase scale, overall ROI and efficiencies.</p> <p>4. Based on the entire inventory of Regional grant and incentive programs, the Region should review the creation of a separate function with dedicated resources that specializes in grant administration and is reliant upon the technical support of program areas.</p>	<p>With respect to Re designing Programs as Loans, it was felt that this particular observation is not an option for the delivery of grant and incentive programs; however comments relating to this should be provided as part of the assessment and recommendations made by the Working Group to CLT.</p>	<p>As per correspondence with Marian Bannerman (Program Manager, Grants and Incentives) on 01/24/2019: As outlined in the Management Action Plan, an inter-departmental Incentive Review Working Group met several times during Q4 2018 to develop recommendations regarding potential incentive target areas and options for program resourcing and delivery. An education session for Regional Council on existing Regional incentive programs and the status and next steps of the Incentive Review is anticipated in February 2019, with a similar session anticipated to be provided for interested Local Area Municipal staff in March. Following leadership review of the Working Group recommendations, a report will go forward (likely in May-June 2019) to Planning and Economic Development Committee and Regional Council for consideration.</p> <p>As per Doug Giles (Director, Community and Long Range Planning) and Marian Bannerman (Grants and Incentive Program Manager) on 08/24/2018: A report will be going go Planning and Development Committee that highlights the result of a survey of Local Area Municipalities. A full strategy on how to implement the recommendations will be developed in Q1 2019 following an orientation to the various programs delivered for the new Regional Council.</p>

Audit: Information Technology Security and Data Backup Controls Audit (2018)

Recommendation Number	Status as of January 29, 2018	Status as of May 7, 2018	Status as of August 24, 2018	Status as of January 15, 2019	Comments
1	N/A	N/A	Fully Implemented	Fully Implemented	
2	N/A	N/A	Fully Implemented	Fully Implemented	
3	N/A	N/A	Fully Implemented	Fully Implemented	
4	N/A	N/A	Fully Implemented	Fully Implemented	
5	N/A	N/A	Fully Implemented	Fully Implemented	

6	N/A	N/A	In progress	Fully Implemented	
7	N/A	N/A	Fully Implemented	Fully Implemented	
8	N/A	N/A	Fully Implemented	Fully Implemented	
9	N/A	N/A	In progress	Fully Implemented	
10	N/A	N/A	Fully Implemented	Fully Implemented	
11	N/A	N/A	In progress	In progress	
12	N/A	N/A	In progress	Fully Implemented	
13	N/A	N/A	In progress	In progress	
14	N/A	N/A	Fully Implemented	Fully Implemented	
15	N/A	N/A	In progress	In progress	
16	N/A	N/A	In progress	In progress	
17	N/A	N/A	Fully Implemented	Fully Implemented	
18	N/A	N/A	In progress	In progress	
19	N/A	N/A	In progress	Fully Implemented	
20	N/A	N/A	Fully Implemented	Fully Implemented	

Recommendation #6		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
A big number of users were granted access to various HR and payroll related tasks such as update the employee Pay data, and update employee pay sheets. Review the current list of users that have these roles to determine if access is required for each user for all permissions within the roles.	Management has undertaken a review of all user and corresponding roles. Access and security was updated to reflect functional roles both within and outside of HR, and restricted based on job role requirements. A significant reduction was achieved, and a process was implemented to review on a regular go forward basis.	<p>As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 12/21/2018: Completed. Final security role prepared for production in first pay in January 2019. Quarterly review in place.</p> <p>As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 08/23/2018: All security was updated to role based security, with the exception of one role still requiring a profile edit. Additionally, a standard operating procedure was completed to maintain security profiles, and a quarterly review is now in place to ensure ongoing compliance. Furthermore, all report access was updated to reflect new security profiles, and updates to security request form is completed to reflect new standard. Estimated completion date: 09/30/2018</p>

Recommendation #9		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments

Review conflicting components and associated pages within the roles to determine if any conflicting functions may be removed and included as part of another role. For most SOD conflicts identified, management confirmed the existence of additional compensating controls that address the risk or that access is required as is. We recommend management to revisit the rule and role designs to validate the possibility to address the risk at the access rule and role design level.	Management has reviewed this issue and already completed several changes to conflicting Security profiles based on role. In addition, management is working with 3rd party support provider to create additional Profiles to further accommodate an appropriate level of segregation where existing profiles are limited.	<p>As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 12/21/2018: Final security role has been completed.</p> <p>As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 08/23/2018: One role profile is still under development to ensure appropriate access and segregation. Estimated completion date: 09/30/2018</p>
---	---	---

Recommendation #11		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>A. It is recommended to limit the access from the branch locations to the Region's network by placing the branch locations into a separate security zone and only allow the bare minimum required for business operation.</p> <p>B. The branch location's network is to be segmented; separating the managed from the unmanaged devices and only allow access to the Region's network to managed devices.</p> <p>- Segment end-user devices, included managed devices, into controlled zones treated as semi-trusted to limit exposure to critical infrastructure as application and database servers.</p>	<p>A. Non Corporate internet is currently on separated network segmentation with no communication to the corporate network. We are implementing physical security to the ports (network port locks) on the non Corporate internet ports of the switch at the branch office locations to reduce risk.</p> <p>B. The Region will be implementing segmented security zones through Corporate firewall for critical servers to reduce exposure.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019: A. The network locks have been purchased and are scheduled to be installed in Regional facilities. Completed B. The current firewall migration is underway, and upon completion the segmented security zones will be in place as indicated. Security Zones have been configured and scheduled for implementation in Q1 2019.</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018: A. The network locks have been purchased and are scheduled to be installed in Regional facilities. B. The current firewall migration is underway, and upon completion the segmented security zones will be in place as indicated.</p>

Recommendation #12		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>No vetted configuration hardening has taken place on the firewall devices. A hardened configuration has insecure services disabled and does not allow for insecure network protocols (i.e., source based routing, ICMP redirect, ARP poisoning).</p> <p>A. Apply hardened configurations to the firewalls [1-4].</p> <p>B. Identify which hardened configuration guides are available for the next firewall setup project.</p>	<p>A. Current initiative is underway to replace the end of life firewalls.</p> <p>B. Hardening configuration guides will be implemented by the vendor as part of the new firewall project.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019: The current firewall migration is underway, and upon completion the security hardening will be completed as indicated. Completed.</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018:</p>

		The current firewall migration is underway, and upon completion the security hardening will be completed as indicated. Estimated completion date: 12/31/2018
--	--	---

Recommendation #13		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Identify operating systems in use on each ASA in use by the Region and identify all the latest versions available for installation.</p> <p>2. Install the latest version available for all Cisco ASA firewalls.</p> <p>3. Replace firewalls for a more recently released firewall system which is expected to be supported for the intended lifecycle of the firewall.</p> <p>4. Use a vulnerability assessment solution to identify old versions of firmware and software. A vulnerability assessment solution generally provides information on new releases of firmware and software for monitored devices.</p> <p>5. To limit exposure to known vulnerabilities in unsupported firmware and software releases, ensure equipment in use is running firmware and software which is still supported by the vendor.</p>	<p>1. Currently underway</p> <p>2. Currently underway</p> <p>3: ASA firewall replacements will be budgeted for in 2019.</p> <p>4: The Region regularly conducts security assessments with 3rd party vendors to help identify these areas. The most recent being January 2018. We will be assessing a vulnerability assessment solution further.</p> <p>5: It should be noted that mitigation solutions have been put in place to deal with unsupported firmware and software to limit vulnerabilities. Staff have enrolled to receive vendor notifications for hardware and software updates and do review and assess notifications for exposure and risk. We will be looking at enhancing our processes with a vulnerability assessment solution.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019:</p> <p>1. Completed</p> <p>2. Budget has been allocated in 2019 for the purchase of new ASA's as the current ones have memory limitations. Currently procuring hardware. Anticipated completion Q3 2019</p> <p>3. Completed</p> <p>4. SAS product will need further investigation.</p> <p>5. Completed</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018:</p> <p>1. Completed</p> <p>2. Budget has been allocated in 2019 for the purchase of new ASA's as the current ones have memory limitations. Estimated completion date: 03/31/2019</p> <p>3. Completed - Budget has been allocated in 2019 for the new hardware replacements of the current asa5505's with PA220's and support.</p> <p>4. SAS product will need further investigation Estimated completion date: 03/31/2019</p> <p>5. Completed</p>

Recommendation #15		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Disable insecure management and authentication mechanisms on networking devices and in particular the firewalls and force the use of secure mechanisms like SSHv2.</p> <p>2. Implement centralized authentication for management of networking devices to prevent credential reuse and sharing, allow for password requirements enforcement, and auditability of administrator actions.</p>	<p>1: We have set SSHv2 and disabled SSHv1 and have modified the configuration to telnet access. This has been confirmed and verified. No further action is required.</p> <p>2: Will be implemented with the new firewall implementation and remainder of infrastructure devices by end of year.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019:</p> <p>1. Completed</p> <p>2. This project is currently underway as ClearPass in being setup and configured by the vendor. Completion Q1 2019</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018:</p> <p>1. Completed</p> <p>2. Will be completed as part of the Aruba ClearPass implementation.</p> <p>Estimated completion date: 12/31/2018</p>

Recommendation #16		In Progress
Recommendation	Management Action Plan	Follow Up Comments
<p>1. Formalize and agree with the CAB which changes need to be run by the CAB before implementing.</p> <p>2. Keep track of all changes, regardless of their importance or impact, in a formalized change management system storing at least the purpose, executor, approver, rationale, and request and execution date.</p>	<p>1: It should be noted that a formal CAB process currently exists. Updates will be added to CAB terms of reference to include a more comprehensive list of standard changes needs along with preapproved SOP's.</p> <p>2: This will be addressed with changes to CAB processes.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019:</p> <p>1. Completed</p> <p>2. Currently investigating a CMDB tool - Change Management Database</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018:</p> <p>1. Current CAT policy is being revised to include the new processes identified in response, certain SOP's have been created for standard changes.</p> <p>Estimated completion date: 12/31/2018</p> <p>2. Currently investigating a CMDB tool - Change Management Database</p> <p>Estimated completion date: 06/30/2019</p>

Recommendation #18	In Progress
--------------------	-------------

Recommendation	Management Action Plan	Follow Up Comments
<p>A1. Create a patch management policy that outlines the objectives of patching, roles and responsibilities, steps to evaluate criticality, testing and handling of exemptions.</p> <p>A2. The patch management policy should include procedures when patches are not applied, risk is assessed, and mitigation or acceptance is documented and approved by the appropriate level.</p>	<p>A 1: There is currently an SOP in place to implement operating systems securities patches. We will be looking at enhancing current practices.</p> <p>A 2: We will be implementing a Risk Assessment Framework supported by documented approvals.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019: A 1. SOP for OS and security patches completed.</p> <p>A 2. Risk Framework is being developed.</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018: A 1. Currently underway Estimated completion date: 12/31/2018</p> <p>A 2. Currently underway Estimated completion date: 12/31/2018</p>

Recommendation #19		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>A. Recommendations for Finding A:</p> <p>1. Identify communication channels used by vendors to subscribe to. This enables the Region to identify firmware or operating system updates in a more proactive manner and reduces the chances of missing a critical update.</p> <p>2. Identify communication channels publishing new vulnerabilities for vendors and equipment in use by the Region. This enables the Region to assess the risk change introduced by a new vulnerability and determine whether or not to take mitigating actions.</p> <p>3. Define a formalized and measurable process around identification of new firmware, operating system updates, and vulnerabilities. This provides the Region with a solid structure on patch management for network security systems and reduces the chance of missing a critical patch or severe vulnerability.</p> <p>B. Recommendations for Finding B:</p> <p>1. Introduce a formalized and documented policy describing the decision process around installing newly</p>	<p>A 1, 2 & 3: Currently underway. Will be implemented as part of the firewall replacement initiative.</p> <p>B 1: An SOP will be developed documenting processes for firmware or operating systems updates with reference the Risk Assessment Framework.</p>	<p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 01/15/2019: Completed</p> <p>As per correspondence with Julie Max (Associate Director, Infrastructure and Operations) on 08/20/2018: A1, 2 & 3 are currently underway. Will be implemented as part of the firewall replacement initiative.</p>

released firmware or operating system updates. This allows the Region to make solid and repeatable decisions on installing firmware or operating system updates for network devices		
---	--	--

Audit: Payroll Audit 1 – Timekeeping (2018)

Summary of Follow Up Status:

Recommendation Number	Status as January 08, 2019	Comments
1	In progress	
2	Fully implemented	
3	In progress	

Recommendation #1		In Progress
Recommendation	Management Action Plan	Follow Up Comments
1a. Supervisors/Managers should be given Kronos user logins.	1a. Management is conducting a cost benefit review of adding additional manager timekeeping licenses, allowing for manager level approvals, against the cost/risk of potential payroll errors.	As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 12/21/2018: This review is expected to be completed by the deadline.
1b. The HR Division, in consultation with business units, should develop an approval/sign off business process whereby Supervisors/Managers are reviewing and signing	1b. Management fully supports the need for appropriate manager level oversight on all payroll costs in a consistent fashion. Some operational areas (i.e.: Children's Services) have a well documented manager	

off on the timecards of the staff that they supervise in a consistent manner.	level approval process for timekeeping sign off developed by HR, as well as manager licenses to electronically support this work. Depending on the outcome of item 1 above, HR will provide a documented corporate wide business process that supports manager electronic approval, or a suitable alternative to ensure manager level oversight.	
1c. In the longer term, HR Division should investigate the feasibility of designing a process which consolidates the Supervisor/Manager's approval of time entries and the encoding of time entries into one step.	1c. Management acknowledges the benefits of the time entry and approval being consolidated into one step. While there are technical constraints in implementing this today, HR has included this items as part of their broader HRIS review project currently underway.	

Recommendation #2		Fully Implemented
Recommendation	Management Action Plan	Follow Up Comments
<p>In order to achieve a segregation of duties, Encoders should not be able to sign off on their own timekeeping in Kronos.</p> <p>An effective segregation of duties can be achieved by one of the following approaches:</p> <ul style="list-style-type: none"> - The Supervisor/Manager of the respective staff should review and signoff on payroll - Encoders in different business units should be paired together and be responsible for signing off the payroll for each other 	<p>Management fully supports the need to have appropriate segregation of duties. To achieve this, a communication will be provided to all timekeepers and their managers outlining this requirement and the risks with non-compliance. Where a manager is not licensed and dependent on the review to license all managers (as per Observation 1.1), the alternative required approval will be the timekeepers back up support in all cases. This will prevent approving one's own timecard and decrease risk with greater segregation. Additionally, HR will audit each timekeeper's final entry on a biweekly basis to ensure that in no circumstance an individual has approved their own timecard.</p>	<p>As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 12/21/2018:</p> <p>Completed. Review occurs biweekly to ensure that in no circumstance a timekeeping encoder has approved their own time entry.</p>

Recommendation #3		In Progress
Recommendation	Management Action Plan	Follow Up Comments
3a. Manuals that detail step-by-step procedures should be updated to include Niagara Region business		

<p>procedures. This will allow for time keeping tasks to be completed consistently throughout the corporation.</p> <p>3b. The HR division should develop training modules for Kronos users. The training should educate the user on the task associated with their specific role(s) within the timekeeping process. The format of training (on-line, in person, etc.) should be decided upon by the HR division in order to effectively suit the corporation.</p> <p>3c. A Champion for each collective agreement should be decided upon and communicated to the encoder group so that when questions arise, Encoders have the necessary resources.</p> <p>3d. Management from respective business units should develop backup/coverage plan for instances when their main Encoder is away from the office or otherwise unable to complete the encoding.</p>	<p>3a. Management fully supports updating training materials to include Niagara Region business procedures.</p> <p>3b. Management supports the delivery of timekeeping training and is developing online tools to create greater effectiveness, consistency, timeliness and access in comparison to the prior classroom provided training.</p> <p>3c. Management has considered this. Escalated questions from timekeepers are managed by HR, and recommends that any additional supports in a specific operating area can be determined within the division.</p> <p>3d. Management supports this recommendation and will continue to encourage adequate back up support amongst timekeepers in each operating area. The requirement to utilize a back up resource for one's own encoding will reinforce this need, as per Observation 2.</p>	<p>As per correspondence with Linda Gigliotti (Associate Director, Employee Services) on 12/21/2018: This review is expected to be completed by the deadline.</p>
--	---	--

MEMORANDUM

AC-C 6-2019

Subject: Audit Plan Progress Update Dashboard

Date: February 4, 2019

To: Audit Committee

From: Maciej Jurczyk, Director, Internal Controls & Organization Performance

On a quarterly basis, Internal Controls & Organization Performance submits a performance dashboard to the Audit Committee. The objective is to demonstrate the progress on the Annual Audit Plan and provide other key performance indicators in a one-page summary. The dashboard is available as appendix 1 to AC-C 6-2019.

Internal Controls & Organization Performance staff is requesting to carry-forward two audit projects not completed from 2018 to the 2019 Audit Plan (see AC-C 5-2019). Unexpected employee turnover in 2018 is the principal root cause for this request.

Respectfully submitted and signed by,

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Internal Controls & Organization Performance

INTERNAL CONTROL & ORGANIZATIONAL PERFORMANCE AUDIT PLAN PROGRESS UPDATE

Current as of January 22, 2019

Assurance Projects

Project Name	Percentage Complete	Audit Phase	Project Status	Due Date
2017 Interim Audit Work Plan (AC-C 14-2017)				
Purchasing Card	100%	-	Complete	31-Oct-17
Fleet Parts Inventory & Fuel	100%	-	Complete	9-Nov-17
Cash Handling	100%	-	Complete	15-Jan-18
Mobile Telecommunications	100%	-	Complete	15-Jan-18
Cleaning Contract	100%	-	Complete	15-Jan-18
2018 Audit Plan (AC-C 6-2017)				
Grants & Incentives: Phase 1	100%	-	Complete	7-May-18
Grants & Incentives: Phase 2	100%	-	Complete	18-Jun-18
Contract Compliance - Waste & Recycling	100%	-	Complete	30-Mar-18
Procurement: Bidding / Tendering process	100%	-	Complete	31-Dec-18
Payroll Phase 1: Time-keeping	100%	-	Complete	10-Sep-18
Payroll Phase 2: Payroll processing	100%	-	Complete	24-Oct-18
Employee Benefits Claims	0%	-	Deferred	TBD - 2019
Controlled Medication Inventory	100%	-	Complete	31-Dec-18
Procurement: Sole / Single sourced	0%	-	Deferred	TBD - 2019
Accounts Payable	85%	Reporting	In Progress	28-Feb-19
IT General Controls	100%	-	Complete	30-Apr-18
Chippawa CSO Internal Review	100%	-	Complete	10-Sep-18
HR On-boarding & Off-boarding Audit	0%	-	Request to Defer	TBD - 2019
Children's Services Risk Assessment	60%	Fieldwork	In Progress	28-Feb-19
Long Term Care Homes Risk Assessment	0%	-	Deferred	TBD - 2019
Water Treatment Operations Risk Assessment	0%	-	Request to Defer	TBD - 2019

Advisory & Other Projects

Project Name	Status
- Follow-up Status of Management Action Plans	Ongoing (Quarterly)
- Internal Quality Assessment Project (2018)	Complete
- Internal Audit methodology & training	In progress

Changes to 2018 Annual Audit Plan

- **ADDED:** HR On-boarding & Off-boarding Audit - Oct 31, 2017
- **REPLACED:** Chippawa CSO External VFM with Chippawa CSO Internal Review - on April 10, 2018. Deferred Procurement: Sole / Single sourced Audit to 2019 to accommodate this change
- **DEFERRED:** Employee Benefit Claims Audit & Long Term Care Risk Assessment due to two unexpected vacancies on Sept 10, 2018.
- **REQUEST TO DEFER:** Water Treatment Operations Risk Assessment & HR On-Boarding & Off-Boarding Audit due to employee turnover.

Annual Audit Plan Status

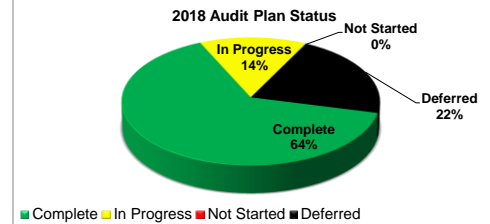
Commentary:

- Internal Control & Organization Performance (ICOP) has completed five audit projects identified in the 2017 Interim Audit Workplan (AC-C 14-2017); these were presented to the Audit Committee on April 10, 2018. ICOP currently has eleven audit projects in progress or complete from the 2018 Audit Plan (AC-C 6-2017). ICOP has completed the Procurement, Payroll Phase 2, and Controlled Medication Inventory Audits which will be presented on February 4, 2019. The Children's Services Risk Assessment and Accounts Payable Audit could not be completed by year-end and will subsequently be presented to Audit Committee at the second meeting in 2019.

- At the April 10, 2018 Audit Committee meeting, ICOP received direction to perform an internal review of the Chippawa CSO project. Given that the original value-for-money audit was planned to be out-sourced, ICOP didn't have the resources to add a new project without affecting another previously approved audit. Therefore, ICOP proposed to defer the Procurement: Sole/Single source audit to 2019 to accommodate this work.

- At the Sept 10, 2018 Audit Committee meeting, ICOP received approval to defer the Employee Benefits and LTC Homes Risk Assessment to 2019 on account of a lack of resources due to two unexpected vacancies in the ICOP division and overtime required for Grants & Incentives and Payroll Audits.

- At the February 4, 2019 Audit Committee meeting, ICOP will request approval to carry-forward the Water Treatment Operations Risk Assessment and HR On-boarding & Off-boarding Audits to 2019 Plan respectively. These audit projects couldn't be completed on time within 2018 due to internal employee turnover.



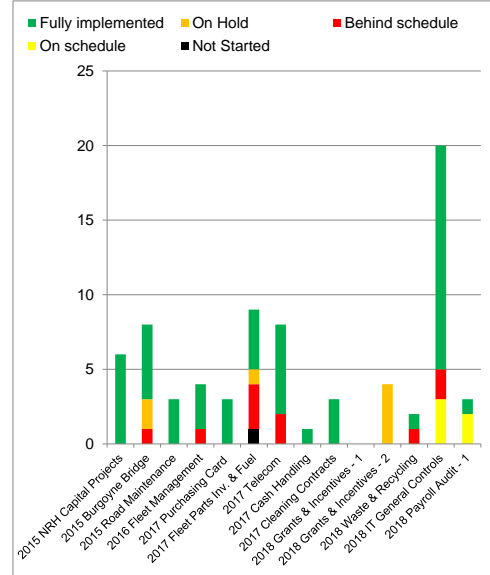
Management Action Plan (MAP) Status

	Total	Not Started	On schedule	Behind schedule	On Hold	Fully implemented
2015 NRH Capital Projects	6	-	-	-	-	6
2015 Burgoyne Bridge	8	-	-	1	2	5
2015 Road Maintenance	3	-	-	-	-	3
2016 Fleet Management	4	-	-	1	-	3
2017 Purchasing Card	3	-	-	-	-	3
2017 Fleet Parts Inv. & Fuel	9	1	-	3	1	4
2017 Telecom	8	-	-	2	-	6
2017 Cash Handling	1	-	-	-	-	1
2017 Cleaning Contracts	3	-	-	-	-	3
2018 Grants & Incentives - 1	0	-	-	-	-	-
2018 Grants & Incentives - 2	4	-	-	-	4	-
2018 Waste & Recycling	2	-	-	1	-	1
2018 IT General Controls	20	-	3	2	-	15
2018 Payroll Audit - 1	3	-	2	-	-	1
TOTAL # of Issues	74	1	5	10	7	51

	Total	Not Started	On schedule	Behind schedule	On Hold	Fully implemented
Corporate Administration	5	-	-	-	1	4
Corporate Services	29	-	5	4	-	20
Community Services	0	-	-	-	-	-
ERMS	12	-	-	1	1	10
Planning & Development	4	-	-	-	4	-
Public Health	3	-	-	2	-	1
Public Works	15	1	-	3	1	10
Other: NRH	6	-	-	-	-	6
TOTAL # of Issues	74	1	5	10	7	51

Outstanding MAP's:

There are 23 outstanding MAPs across all business units (23 when previously reported to the Audit Committee in AC-C 34-2018). New recommendations from audit reports published to the Audit Committee on Sept 10, 2018 now appear in this table (i.e. Payroll Phase 1). Greater detail is identified in AC-C 3-2019.

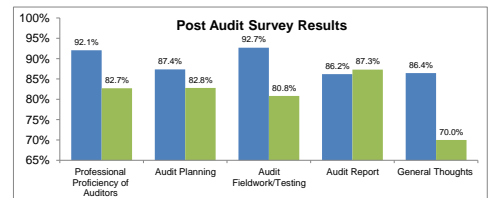


Post Audit Survey Results

Survey Areas of Interest	2017	2018	2019	Details
Professional Proficiency of Auditors	92.1%	82.7%	NA	Objectivity, professionalism, and knowledge of program areas.
Audit Planning	87.4%	82.8%	NA	Communication effectiveness of scope, objectives, timing and approach.
Audit Fieldwork/Testing	92.7%	80.8%	NA	Effective use of client's time.
Audit Report	86.2%	87.3%	NA	Clear, concise report with timely and meaningful recommendations.
General Thoughts	86.4%	70.0%	NA	Overall benefit of audit and conduct of ICOP team.
AVERAGE SCORE	89.5%	81.4%	NA	

ICOP Action Plans

ICOP has developed an Audit Manual to standardize our internal practices. This Audit Manual is used for the training and on-boarding of new Audit Staff. The Audit Manual will be reviewed and updated annually.



Admin / Human Resources

Personnel:	Title:	Credentials:	Start Date:
Maciej Jurczyk	Director	CPA, CMA, CIA, CRMA	26-Jun-17
Frank Marcella	Internal Auditor	MPA, BEd, CGAP	25-Aug-14
Vacant	Process & Compliance Auditor		
MaFu Ojisu	Process & Compliance Auditor	CPA, CMA	20-Nov-17
Henrick Xiang Gao	Internal Audit Analyst	MBA	4-Sep-18
Bartlomiej Gora	Internal Audit Co-op Student		4-Sep-18