



THE REGIONAL MUNICIPALITY OF NIAGARA
AUDIT COMMITTEE
AGENDA

AC 02-2019

Monday, March 18, 2019

1:00 p.m.

Council Chamber

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

	Pages
1. <u>CALL TO ORDER</u>	
2. <u>DISCLOSURES OF PECUNIARY INTEREST</u>	
3. <u>PRESENTATIONS</u>	
4. <u>DELEGATIONS</u>	
5. <u>ITEMS FOR CONSIDERATION</u>	
5.1 <u>AC-C 10-2019</u> Accounts Payable Audit Report	3 - 16
5.2 <u>AC-C 11-2019</u> Internal Audit Charter Revisions	17 - 28
5.3 <u>AC-C 13-2019</u> A memorandum from A.-M. Norio, Regional Clerk, dated March 18, 2019, respecting Consideration of Reimbursement for Expense	29 - 36
6. <u>CONSENT ITEMS FOR INFORMATION</u>	
6.1 <u>AC-C 08-2019</u> Children's Services Risk Assessment	37 - 45
6.2 <u>AC-C 09-2019</u> Councillor Information Request - Financial Management Planning (FMP) Organizational Chart	46 - 47

7. OTHER BUSINESS

8. NEXT MEETING

The next meeting will be held on Monday, May 6, 2019 at 1:00 p.m. in the Council Chamber.

9. 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: Accounts Payable Audit Report

Report to: Audit Committee

Report date: Monday, March 18, 2019

Recommendations

1. That report AC-C 10-2019 **BE RECEIVED** for information; and
2. That staff **BE DIRECTED** to implement the recommendations in Appendix 1 of Report AC-C 10-2019, respecting Accounts Payable Audit Report.

Key Facts

- The purpose of this report is to provide Audit Committee with a summary of findings noted during the Accounts Payable Audit which focused on the control framework in place to ensure appropriate, accurate, timely and efficient processing of Niagara Region's vendor payables in accordance with its policy and legislative requirements.
- This report contains the findings, implications and recommendations for the observations discovered during the Audit in addition to a Management Action Plan (MAP) from program staff for each of the recommendations.
- Two low risk observations with three total recommendations have been detailed in the audit report.

Financial Considerations

There are no immediate budgetary considerations associated with this report.

Analysis

This audit project was identified in the 2018 Audit Plan approved by Audit Committee (see **AC-C 6-2017**). The accounts payable function is a critical element of the procure-to-pay process and is managed within the PeopleSoft system. Thus far, Internal Control & Organizational Performance has audited: procurement cards (P-Cards), Procurement bidding and tendering (for formal and informal purchases) and finally Accounts Payable (which includes vendor data maintenance). In the 2019 Audit Plan, ICOP staff will conclude our review of the procure-to-pay process by reviewing Single & Sole-Sourced Procurements.

This audit report is intended to provide Audit Committee with information regarding the accuracy and completeness of the accounts payable process at Niagara Region. While there are minor areas for improvement, the overall internal control environment is effective.

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.

Other Pertinent Reports

AC-C 6-2017 - 2018 Internal Audit Plan

Prepared by:

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Internal Control & Organizational
Performance

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 Accounts Payable Audit Report



Internal Control and Organizational Performance

Accounts Payable Audit

Operating Unit: Niagara Region

Date of Audit: November 2018 to January 2019

Auditors: MNP LLP

Distributed To: Niagara Region Audit Committee
Ron Tripp, (Acting) Chief Administrative Officer
Todd Harrison, Commissioner, Enterprise Resource Management Services
Helen Chamberlain, Director, Financial Management and Training
Bart Menage, Director, Procurement and Strategic Acquisitions
Erin Amirault, Associate Director, Finance Operations and System
Tracie Byrne, Manager, Purchasing Services
Renee Muzzell, Manager, Accounting Services
Tara Carll, Supervisor, Accounts Payable

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

Date Issued: March 7, 2019

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the 2018 Audit Plan, Internal Control and Organizational Performance (ICOP) contracted MNP LLP (MNP) to perform a comprehensive review of the internal controls surrounding Niagara Region's Accounts Payable process.

The purpose of the audit was to assess the control framework in place to ensure appropriate, accurate, timely and efficient processing of Niagara Region's vendor payables in accordance with its policy and legislative requirements.

The audit methodology used by ICOP included a review of relevant documentation, analysis of payment transaction data, and interviews with key individuals involved in the process. The period covered by the audit was July 1, 2016 to October 31, 2018.

Appendix II identifies further background information related to Niagara Region's Accounts Payable processes and other relevant information for readers of this report.

SCOPE

The scope of the audit focused on assessing the following:

- Adequate controls in place to process payments in an efficient, accurate, complete and timely manner;
- Review of accounts payable transactions for duplicate payments to vendors and/or unusual activities;
- Invoices paid to vendors in accordance with Regional payment strategy;
- Adequate controls in place to determine that supplier management is adequately achieved; and,
- Physical security of cheques.

A sample of 80 payment transactions were selected and reviewed in detail from the full payment population of 229,520 for the period of July 1, 2016 to October 31, 2018. In addition, the vendor master file containing 8,221 vendors as at October 31, 2018 was reviewed.

Areas that were out of scope of this audit included:

- Accounts Payable transactions related to:
 - Niagara Regional Housing;
 - Niagara Regional Police Services; and,
 - Ontario Works.
- Employee reimbursements;
- Period and year end accruals;
- Information technology general controls and information technology application controls; and,
- Purchases made using a Niagara Region Purchasing Card (PCard).

INTERNAL AUDIT FINDINGS

While there are areas for improvement, the overall internal control environment is effective. The following areas were found to be strengths of the accounts payable process and controls:

- There is an appropriate segregation of duties between the Purchasing and Accounts Payable functions;
- There is an automated three-way match (for goods) between a purchase order, receipt of goods, and invoice; and a two-way match (for services) between a purchase order and invoice before a payment can be made within the system;
- The Region has safeguards in place for the physical security of manual cheque stock; and,
- Performance measures/metrics for Niagara Region accounts payable are comparable, and sometimes better, when assessed against other municipalities' performance measures/metrics as reported within Municipal Benchmarking Network (MBN) Canada Performance Measurement Reports/data.

The listing below provides a summary of the observations and areas of improvement. Detailed observations and recommendations can be found in the next section of this report.

- 1) Maintenance and review of vendor master file information.
- 2) System logging and reporting of delegation of authority.

ICOP and MNP appreciate the assistance and co-operation from the staff in the Enterprise Resource Management Services department during the 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 – Maintenance and review of vendor master file information	
Risk Ranking	LOW
<p>During the audit, various analyses were performed on the vendor master file¹ to assess: (1) if the information contained within the PeopleSoft system is complete; (2) if there are duplicate vendors contained in the master file; and (3) if there are instances where vendor and employee addresses are the same. The following provides a summary of the details of the analysis conducted and results of the analysis for each of these areas:</p> <p><u>Incomplete and/or missing information</u></p> <p>An analysis of the vendor master file was conducted to determine if the information contained within the PeopleSoft system is complete. Queries were performed to determine the type of information missing, such as postal codes, telephone numbers, and payment information. The PeopleSoft system requires that the name and address of a vendor be entered during vendor set-up.</p> <p>Our analysis found the following information missing from the vendor master file:</p> <ul style="list-style-type: none">• Eight vendors did not have a postal code;• 3,397 vendors did not have a telephone number; and,• 161 vendors did not have the method of payment. <p>In addition to the above queries, further analysis was conducted, and it was found that 429 vendors have P.O. Box addresses.</p> <p><u>Duplicate vendors</u></p> <p>An analysis of the vendor master file was conducted to determine the number of duplicate vendors within the master file. Queries were performed to determine if there are:</p> <ul style="list-style-type: none">• Vendors with the same ID#, same name and same address;• Vendors with the same ID#, same name but different address; and• Vendors with different ID#, but with same name and same address. <p>Our analysis found the following:</p> <ul style="list-style-type: none">• 56 instances of vendors with the same ID#, same name and same address – from reviewing the results, the PeopleSoft system contains 56 instances of duplicate information, having records with the same vendor ID# twice (three times for two instances), same vendor name and same address within the vendor master file.• 148 instances of vendors with the same ID#, same name but different address – from reviewing the results, the PeopleSoft system contains 148 instances of vendors	

¹ The vendor master file contained 8,221 commercial suppliers/vendors as at October 31, 2018. Rent supplement program clients were removed when conducting the analyses since Niagara Regional Housing transactions are not within the scope of the audit.

that have the same ID# and same name, but different address. It is our understanding that the practice of having multiple vendors with the same ID is acceptable within the system, as there are vendors that the Region uses that have different locations and addresses, which the system is able to accommodate.

- **7 instances of vendors with different ID#s, but with the same name and same address** – from reviewing the results, there are 7 instances which have the same vendor name and address, however, have been set up within the PeopleSoft system with different vendor ID#s (totalling 20 different vendor ID#s).

Vendor and employee addresses

Our analysis between the Niagara Region's employee listing and vendor master file as at October 31, 2018, identified 23 instances where employees and vendors share the same addresses. The 23 instances were investigated further by ICOP and Human Resources and their review did not identify any non-compliance.

Implication

Having current and complete master vendor list facilitates timely and efficient payments to vendors, as well as aids in communicating with vendors.

Having duplicate vendors within the master vendor list may lead to double payments or could indicate fictitious vendor set-up (and lead to potential fraud).

Other fictitious vendor "red flags" include use of P.O. Box addresses and vendors which have been set-up with employee addresses.

Recommendation

- 1) Maintenance should be conducted on the master vendor file on a regular basis (i.e. at least annually). This would include the following activities to ensure completeness and accuracy:
 - a) Review and update the vendor master information.
 - b) Obtain missing or incomplete data such as missing telephone numbers, postal address, complete name, and emails.
 - c) Update any out of date information.
 - d) Determine if there are any vendors (i.e. duplicate vendors) that should be removed from the master file.
 - e) Archive inactive vendors which have had no business activity for a certain amount of time (i.e. for over 18 months). If the vendor is archived, their information can be easily accessed for reinstatement, if needed. By removing inactive vendors, the list becomes leaner and records are easier to access, increasing employee productivity through reduced processing time.

Maintenance activities should include department representatives (in addition to Finance staff), if possible, as they may have insight into information that is old, missing or incorrect.

The Region should also consider if any of the master vendor file review or maintenance activities can be automated as some cleanup activities lend themselves well to automation. In addition, the Region may want to consider the use of a vendor self-service portal where individual vendors can update their information.

- 2) On a regular basis, conduct analysis and further review on areas which may uncover fictitious vendors, such as comparing vendor and employee addresses and vendor use of P.O. Box addresses.

Management Action Plan

Person(s) Responsible	Director, Procurement & Strategic Acquisitions	Completion Date	11/30/2019
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1. While maintenance on the master vendor file including the activities identified in the recommendation is not currently an established process, Procurement is in agreement with the audit recommendation that it should be.

Procurement (Strategic Acquisitions, specifically Strategic Sourcing) with assistance from the ERP Support team will develop a new process (completed annually) for the Supplier Administration function which gives due consideration to the activities/requirements identified above.

Process considerations for initial update and ongoing maintenance could include: Procurement seeking assistance from ERP Support team to extrapolate the vendor data from PeopleSoft Financials and then in conjunction with Finance identify the priority data fields which are omitted/important. Supplier Admin would obtain the missing information or out of date information for the purposes of updating the master vendor file, seeking assistance from the Client Department on an as and when required basis.

With regards to the automation of the master vendor file review or maintenance activities, Procurement will coordinate with the ERP Support team to explore this but it is our understanding that this would not be possible without customization of the PeopleSoft Financials.

With regards to recommendation 1d), Procurement is in agreement that it is important to determine if there are any vendors (i.e. duplicate vendors) that should be removed from the master file but would add that the search would be for “true duplicates” as business decisions during the implementation of PeopleSoft Financials (Deloitte) gave due consideration the creation of duplicate vendor master files, specifically Yardi Landlords, differing currencies and utilities on case to case basis.

With regards to recommendation 1e), Procurement is appreciative of comment however at this time it would not be Procurements intent to create a separate process to

inactivate vendors (and subsequently re-activate them) as we do not envision a gain in efficiency vis a vis a direct correlation between the number of records, accessibility to data and efficiency/productivity. The database which resides within PeopleSoft Financials is solely maintained in an electronic format (no paper copies) and is both searchable by vendor name and exportable to Excel.

2. Procurement has established processes and oversight (separation/segregation between processor and approver) which gives due consideration to legitimacy of the vendor which is being set up in PeopleSoft Financials. Procurement will give further consideration to this recommendation as part of its response to MAP recommendation 1. Procurement will explore the feasibility of completing an annual analysis and review of vendor and employee address, however discussions with the Human Resources division would be required as part of completing the comparative as we suspect that employee information at Niagara Region would be treated as confidential.

Observation #2 – System logging and reporting of delegation of authority

Risk Ranking

LOW

It was noted that the PeopleSoft system is unable to capture and produce a report or log which provides the start and end dates of users who have delegated their authority for the approval of payments. Authority may be delegated within the system for when approvers of transactions and payments go on vacation or are on an extended leave of absence.

While the system is able to provide a report of who approved payments, the report does not include the start and end date of when any delegation of authority was active.

Implication

Reports and logs of approvals and other activities, such as delegation of authority, provide evidence of an audit trail of transactions within the PeopleSoft system.

A robust PeopleSoft report containing management delegated authority by user by date may improve the capability and efficiency of a reviewer to audit past delegated transactions.

Recommendation

- 1) Consider review of the PeopleSoft system to determine if the start and end dates of users who have delegated their approval authority can be captured within the system and reported on.

Management Action Plan

Person Responsible	Associate Director, Finance Operations and Systems	Completion Date	11/30/2019
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At this time, we do not have the capability in our current version of PeopleSoft Financials to audit the start and end dates of when users have turned on their delegated authority. Although a user can choose the start and end date when turning on the delegation function, the back end table in PeopleSoft Financials that tracks delegation is not effectively dated and therefore only records that the function was turned on (not as of/when). As such, we can run a report that shows everyone who has delegation turned on today, but cannot run an historical version of that report.

However, at any point in time, we can easily provide a history of when a delegation of authority was used to approve something (as we provided for the purpose of this audit). Every transaction records when it has been approved "on behalf of" someone else. For example:

- Director of Finance, Helen Chamberlain, turns on delegation of authority for March 4 – 8, 2019, assigning the Associate Director, Budget Planning and Strategy, Margaret Murphy, as her delegate.
- During that period, Margaret Murphy approves several purchase orders, travel and expense reports, and vouchers that would usually be approved by the Director role.
- PeopleSoft Financials records each of those transactions as "Margaret Murphy approved on behalf of Helen Chamberlain".

If the delegator (Helen Chamberlain, in this example) would like to know what transactions were approved in her absence, PeopleSoft Financials is able to provide that information.

If the concern is that an employee could assign a delegate for the length of their employment and therefore never directly approve transactions, then the available report would show that the employee's user ID has never approved a transaction.

To our knowledge, there is no PeopleSoft Financials out-of-the-box audit logging process that shows effective dating for the delegation function. In theory, we could customize a solution; however, our system strategy is to minimize any customizations and use configuration where possible (to ensure system integrity and reduce opportunity for errors during patching and upgrades). Given that we are able to report on when delegation of authority has been used for approval, we do not perceive the inability to see the effective dates for delegation as a big risk to the reliability of the approval process.

As such, at this time, we are choosing not to proceed with investigating a customized option. Instead, we will agree to review the availability of this functionality within PeopleSoft Financials as we proceed with future upgrades (our next upgrade is scheduled to be completed in November 2019).

APPENDIX I - RATING SCALE

Rating	Definition
CRITICAL	Requires immediate action by Corporate Leadership Team 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 – ACCOUNTS PAYABLE BACKGROUND INFORMATION

Niagara Region changed its financial accounting and procurement processes and converted from Smartstream to Oracle's integrated PeopleSoft Financials system in February 2016 resulting in the conversion of 2,428 purchase orders to the new system. The Purchasing module of the PeopleSoft system manages the purchase of goods/services from suppliers, allowing:

- ✓ All employees to create requisitions online to order goods and services; and
- ✓ Users to create receipts of goods online to ensure end-to-end processing.

The Accounts Payable module of the PeopleSoft system facilitates matching and triggers payment to suppliers by enabling:

- ✓ The creation of payment vouchers for all invoices; and
- ✓ Making payments to suppliers based on selected payment methods (i.e. cheque or electronic funds transfer).

At a high level, the following process steps are followed for making payments through the PeopleSoft system:

- An online purchase requisition is originated by a requestor and approved, which in turn, causes the creation of a purchase order that is approved and sent to a supplier.
- When goods are received by a requestor, a receipt is created, and the system automatically matches this receipt to the purchase order and supplier's invoice.
- Upon receipt of a supplier's invoice, an invoice voucher is created in the system that is matched automatically to the receipt.
- Vouchers and invoices are reviewed and approved online.
- Once matching occurs (three-way (i.e. Purchase Order-Invoice-Receipt) for goods and two-way (i.e. Purchase Order-Invoice) for services), the system triggers a payment to the supplier either by cheque or electronic funds transfer.

The following table provides details of the data that was reviewed during the accounts payable audit:

Item	Qty	\$
Total Population of Transactions for July 1, 2016 to October 31, 2018	229,520	\$1.6 billion
Total Transactions Sampled	80	\$57 million
Errors Noted	0	0
Number of vendors in Master Vendor File	8,223	-
Number of Employees	3,610	-
Average Purchases over five years (2013 to 2017)	-	\$385 million

Niagara Region is part of, and contributes data to, the 16-member Municipal Benchmarking Network (MBN) of Canada. MBN Canada collects the data and calculates selected performance measures to indicate how a municipality is performing, comparative to other municipalities within the network, in a variety of different areas (including accounts payable).

Five years (from 2013 to 2017) of the Niagara Region's results for eight accounts payable measures (which were provided to and compiled by MBN Canada for each year's Performance Measurement Report) were analyzed during the audit and compared to the other MBN member municipality results, as reported in MBN Canada Performance Measurement Reports.

The analysis of the eight accounts payable measures are listed in the table below. Upon review, Niagara has performed comparably well, and better in some cases, in the accounts payable measures:

#	Item	Niagara Region	Median of other member Municipalities
1	Number of invoices processed per \$1-m of purchases	248	248
2	Operating cost to process an invoice	\$5.51	\$5.91
3	Number of invoices processed by each accounts payable staff	12,708	13,159 (Note 1)
4	Percent of invoices paid within 30 days	82%	73%
5	Percent of payments that are electronic	67%	58%
6	Total purchases	\$385 million	\$503 million
7	Percent of goods and services purchased (Operating and Capital) through a centralized procurement process	60%	59%
8	Operating costs for centralized purchasing per \$1,000 municipal purchases (Operating and Capital) through a procurement process	\$2.60	\$5.36

Note 1 – Other municipalities include P-Card and Expense Statement transaction data in this calculation while Niagara Region does not.

Subject: Internal Audit Charter Update

Report to: Audit Committee

Report date: Monday, March 18, 2019

Recommendations

That the Internal Audit Charter **BE REVISED** as recommended in Appendix 1 of Report 11-2019.

Key Facts

- The Internal Audit Charter was previously approved by Audit Committee on April 3, 2017 as AC-C 4-2017.
- An Internal Audit Charter is a foundational policy document defining the role, responsibility and mandate of the Internal Audit function.
- This report is designed to provide minor wording updates and to inform the new Audit Committee.

Financial Considerations

There are no immediate budgetary considerations associated with this report.

Analysis

On April 3, 2017, Audit Committee approved the Internal Audit Charter in AC-C 4-2017. An Internal Audit Charter is a strategic policy framework to define the work of an organization's internal audit function. It is a mandatory instrument required by the Institute of Internal Auditors (IIA – a global professional association of internal auditors to which Niagara Region's Internal Audit function subscribes).

The document attached in the appendix contains minor wording updates (mostly to address the name of the team) as well as clarity on the mandate of the Internal Audit function within Niagara Region's scope of operations (the Charter was previously silent on this). The revision proposed in the Charter proposes to clarify Internal Audit's mandate to Niagara Regional departments and divisions, and will not include agencies, board, commissions or local area municipalities. The document in the appendix is presented twice: the original from April 2017 with changes marked using 'Track Changes'; and the final version.

Alternatives Reviewed

Principles and policy wording from other Internal Audit Charters published by comparable municipalities including City of Hamilton, Mississauga, Brampton, Guelph and the Regions of York and Peel were considered.

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.

Other Pertinent Reports

AC-C 4-2017 Audit Committee Terms of Reference (See pages 10-15)

Prepared by:

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
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Performance

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), Joan Ugwu (Process & Compliance Auditor), and Xiang Gao (Internal Audit Analyst).

Appendices

Appendix 1 Internal Audit Charter

The Niagara Region's Internal Audit ~~function is a group within the Internal Control & Organizational Performance division. This Services~~ Charter consists of the following sections:

1. Mission
2. Values and Principles
3. Code of Ethics
4. Rule of Conduct
5. Scope of Work
6. Independence
7. Accountability and Responsibility
8. Authority

1. Mission

Internal Audit ~~Services~~ provides independent, objective assurance and consulting services designed to add value and improve the organization's operations. The Niagara Region's Internal Audit ~~Services function~~ will help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

It is the mission of ~~the Internal Audit Services~~ to work with clients to achieve their business objectives. This will be accomplished by developing innovative partnerships and providing value-added solutions and helping clients manage risks, exploit opportunities, demonstrate accountability and support continuous business improvement.

~~The Internal Audit Services~~ promotes accountability to organizational objectives by providing assurance to ~~the Senior Management~~ Corporate Leadership Team that business and control risks are appropriately identified, assessed, managed and reported. It accomplishes this objective by furnishing independent and objective analyses, audits, evaluations, advice and consulting. ~~The office~~ Internal Audit is also mandated to undertake activities that promote effective risk management and controllership, including processes that facilitate consistent and systematic identification and reporting of risk.

2. Values and Principles

~~The Internal Audit Services~~ will operate within the established Niagara Region employee values and in accordance with the following principles:

- We will value, above all, the ability to serve our clients.
- We will demonstrate competence and due professional care in the execution of duties.
- We will provide balanced, objective reporting on risk and control to management and the Audit Committee.
- We will ensure uncompromising commitment to ethics and integrity.

- We believe that understanding our clients' culture and business environment is essential to excellence in service.
- We believe in teamwork, consultation and co-operation with clients, colleagues and private sector partners.
- We believe that accountability is essential to the responsible management of public services.
- We will resource our office with the necessary skills to respond to the needs of Senior Management Corporate Leadership Team and Audit Committee.

3. Code of Ethics

Internal Auditors are expected to apply and uphold the following principles:

1. Integrity - the integrity of an Internal Auditor establishes trust and thus provides the basis for reliance on their judgment.
2. Objectivity – the Internal Auditor exhibits the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Internal Auditor will make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
3. Confidentiality – the Internal Auditor respects the values and ownership of the information they receive and does not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
4. Competency – the Internal Auditor applies the knowledge, skills, and experience needed in the performance of internal audit services.

4. Rules of Conduct

The Office of the Chief Audit Executive and the Internal Auditors within it will adhere to the following rules:

1. Integrity
 - 1.1 – Shall perform their work with honesty, diligence, and responsibility.
 - 1.2 – Shall observe the law and make disclosures expected by the law and the profession.
 - 1.3 – Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
 - 1.4 – Shall respect and contribute to the legitimate and ethical objectives of the organization.
2. Objectivity

2.1 – Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.

2.2 – Shall not accept anything that may impair or be presumed to impair their professional judgment.

2.3 – Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

3.1 – Shall be prudent in the use and protection of information acquired in the course of their duties.

3.2 – Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

4.1 – Shall engage only in those services for which they have the necessary knowledge, skills, and experience.

4.2 – Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

4.3 – Shall continually improve their proficiency and the effectiveness and quality of their services.

5. Scope of Work

Internal Audit's mandate includes all of Niagara Region's programs, processes and departments/divisions. It does not include agencies, boards, commissions or the operations of Local Area Municipalities. To fulfill its role of assisting Niagara Region accomplish its business objectives, the Internal Audit Office function offers a wide range of services. ~~These services can be organized into two main business lines: Assurance Services and Education and Consulting.~~

5.1 Assurance

These are services that provide independent assessments of internal processes and controls and the effectiveness of operations. These services consist of compliance, financial, value for money and performance measures audits, control review and pre/post implementation evaluations.

5.2 Education and Consulting

These services comprise risk assessments, education and awareness initiatives and specialized consulting. They are intended to provide client support for decision making, the development of plans to improve operations and mitigate risks, implement new policies and re-engineered services and improving the capacity, reliability and integrity of information.

Internal Audit's ~~Services~~ processes should function in a manner to help ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and are adequately protected.
- Programs, plans and objectives are achieved.
- Significant legislative and regulatory issues impacting Niagara Region are recognized and addressed properly.
- Quality and continuous improvement are fostered in the organization's control processes.

6. Independence

~~The~~ Internal Audit ~~Services~~ is accountable functionally to the Audit Committee and administratively to the Chief Administrative Officer in a manner outlined in the following section on Accountability. In addition, Audit Committee is responsible for providing input into the performance evaluation of the Chief Audit Executive.

In carrying out individual assignments, internal auditors shall be independent of those directly responsible for the activities subject to audit or evaluation, and report any potential conflicts to the Chair of Audit Committee.

All Internal Audit ~~Services~~ activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.

~~Internal~~ Audit ~~Services~~ shall have no direct operational responsibility or authority over any of the activities it reviews. Accordingly, it shall not develop nor install systems or procedures, prepare records or engage in any other activity which would normally be audited.

7. Accountability and Responsibility

The Chief Audit Executive, in the discharge of his/her duties, shall be accountable to the Audit Committee and to the Chief Administrative Officer to:

- Annually develop an audit plan that is based on a corporate risk assessment of the core programs, businesses and services that is approved by Audit Committee.
- Provide at least ~~semi-annual~~ quarterly updates to Audit Committee on the progress of the audit plan and any other significant issues, developments or

findings related to the adequacy and effectiveness of the Region's processes for controlling its activities and managing its risks.

- Reporting any scope limitations that may be obstructing the achievement of the office's objectives.
- Coordinate with other control and monitoring functions, including but not limited to, risk management, compliance, legal, and external audit.
- Establishing appropriate policies and procedures to guide the internal audit function including quality assurance and improvement program.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Acting as an ongoing resource to management by providing impartial and objective advice related to control and risk management issues.
- Assisting in the investigation of suspected fraudulent activities within the Region and notify management and the Audit Committee of the results.
- Liaising with the Region's external auditors as appropriate for the purpose of providing adequate audit coverage to the Region.

8. Authority

Internal Audit ~~Services~~ is authorized to:

- Have unrestricted access to all operations, functions, records, property, and personnel.
- Have full and unfettered access to the Audit Committee.
- Allocate audit resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

Internal Audit ~~Services~~ is **not** authorized to:

- Perform any operational duties for the Region or its agencies.
- Initiate or approve accounting transactions external to Internal Auditor ~~Services~~.
- Direct the activities of any Regional employee not employed by Internal Auditor ~~Services~~, except to the extent such employees have been appropriately assigned to auditing teams or otherwise assist ~~the Internal Auditor~~.
- Devise, develop or install systems or procedures, prepare records, make management decisions or undertake any activity which would relieve other staff of any responsibility assigned to them and which could be reasonably construed to compromise the independence of Internal Auditor ~~Services~~.

Standards of Audit Practice

The ~~Office of the~~ Chief Audit Executive will strive to meet or exceed the *International Standards for the Professional Practice of Internal Auditing* established by the Institute of Internal Auditors. This Charter takes effect on April 27, 2017.

The Niagara Region's Internal Audit function is a group within the Internal Control & Organizational Performance division. This Charter consists of the following sections:

1. Mission
2. Values and Principles
3. Code of Ethics
4. Rule of Conduct
5. Scope of Work
6. Independence
7. Accountability and Responsibility
8. Authority

1. Mission

Internal Audit provides independent, objective assurance and consulting services designed to add value and improve the organization's operations. The Niagara Region's Internal Audit function will help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

It is the mission of Internal Audit to work with clients to achieve their business objectives. This will be accomplished by developing innovative partnerships and providing value-added solutions and helping clients manage risks, exploit opportunities, demonstrate accountability and support continuous business improvement.

Internal Audit promotes accountability to organizational objectives by providing assurance to the Corporate Leadership Team that business and control risks are appropriately identified, assessed, managed and reported. It accomplishes this objective by furnishing independent and objective analyses, audits, evaluations, advice and consulting. Internal Audit is also mandated to undertake activities that promote effective risk management and controllership, including processes that facilitate consistent and systematic identification and reporting of risk.

2. Values and Principles

Internal Audit will operate within the established Niagara Region employee values and in accordance with the following principles:

- We will value, above all, the ability to serve our clients.
- We will demonstrate competence and due professional care in the execution of duties.
- We will provide balanced, objective reporting on risk and control to management and the Audit Committee.
- We will ensure uncompromising commitment to ethics and integrity.
- We believe that understanding our clients' culture and business environment is essential to excellence in service.
- We believe in teamwork, consultation and co-operation with clients, colleagues and private sector partners.

- We believe that accountability is essential to the responsible management of public services.
- We will resource our office with the necessary skills to respond to the needs of Corporate Leadership Team and Audit Committee.

3. Code of Ethics

Internal Auditors are expected to apply and uphold the following principles:

1. Integrity - the integrity of an Internal Auditor establishes trust and thus provides the basis for reliance on their judgment.
2. Objectivity – the Internal Auditor exhibits the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. The Internal Auditor will make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
3. Confidentiality – the Internal Auditor respects the values and ownership of the information they receive and does not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
4. Competency – the Internal Auditor applies the knowledge, skills, and experience needed in the performance of internal audit services.

4. Rules of Conduct

The Office of the Chief Audit Executive and the Internal Auditors within it will adhere to the following rules:

1. Integrity
 - 1.1 – Shall perform their work with honesty, diligence, and responsibility.
 - 1.2 – Shall observe the law and make disclosures expected by the law and the profession.
 - 1.3 – Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
 - 1.4 – Shall respect and contribute to the legitimate and ethical objectives of the organization.
2. Objectivity
 - 2.1 – Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.

2.2 – Shall not accept anything that may impair or be presumed to impair their professional judgment.

2.3 – Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

3.1 – Shall be prudent in the use and protection of information acquired in the course of their duties.

3.2 – Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

4.1 – Shall engage only in those services for which they have the necessary knowledge, skills, and experience.

4.2 – Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

4.3 – Shall continually improve their proficiency and the effectiveness and quality of their services.

5. Scope of Work

Internal Audit's mandate includes all of Niagara Region's programs, processes and departments/divisions. It does not include agencies, boards, commissions or the operations of Local Area Municipalities. To fulfill its role of assisting Niagara Region accomplish its business objectives, the Internal Audit function offers two main business lines:

5.1 Assurance

These are services that provide independent assessments of internal processes and controls and the effectiveness of operations. These services consist of compliance, financial, value for money and performance measures audits, control review and pre/post implementation evaluations.

5.2 Education and Consulting

These services comprise risk assessments, education and awareness initiatives and specialized consulting. They are intended to provide client support for decision making, the development of plans to improve operations and mitigate risks, implement new policies and re-engineered services and improving the capacity, reliability and integrity of information.

Internal Audit's processes should function in a manner to help ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial and operating information is accurate, reliable and timely.

- Actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and are adequately protected.
- Programs, plans and objectives are achieved.
- Significant legislative and regulatory issues impacting Niagara Region are recognized and addressed properly.
- Quality and continuous improvement are fostered in the organization's control processes.

6. Independence

Internal Audit is accountable functionally to the Audit Committee and administratively to the Chief Administrative Officer in a manner outlined in the following section on Accountability. In addition, Audit Committee is responsible for providing input into the performance evaluation of the Chief Audit Executive.

In carrying out individual assignments, internal auditors shall be independent of those directly responsible for the activities subject to audit or evaluation, and report any potential conflicts to the Chair of Audit Committee.

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- Provide at least quarterly updates to Audit Committee on the progress of the audit plan and any other significant issues, developments or findings related to the adequacy and effectiveness of the Region's processes for controlling its activities and managing its risks.
- Reporting any scope limitations that may be obstructing the achievement of the office's objectives.
- Coordinate with other control and monitoring functions, including but not limited to, risk management, compliance, legal, and external audit.

- Establishing appropriate policies and procedures to guide the internal audit function including quality assurance and improvement program.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Acting as an ongoing resource to management by providing impartial and objective advice related to control and risk management issues.
- Assisting in the investigation of suspected fraudulent activities within the Region and notify management and the Audit Committee of the results.
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- Perform any operational duties for the Region or its agencies.
- Initiate or approve accounting transactions external to Internal Audit .
- Direct the activities of any Regional employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to auditing teams or otherwise assist Internal Audit.
- Devise, develop or install systems or procedures, prepare records, make management decisions or undertake any activity which would relieve other staff of any responsibility assigned to them and which could be reasonably construed to compromise the independence of Internal Audit.

Standards of Audit Practice

The Chief Audit Executive will strive to meet or exceed the *International Standards for the Professional Practice of Internal Auditing* established by the Institute of Internal Auditors. This Charter takes effect on April 27, 2017.

MEMORANDUM

AC-C 13-2019

Subject: Consideration of Reimbursement for Expense

Date: March 18, 2019

To: Audit Committee

From: Ann-Marie Norio, Regional Clerk

Regional staff are in receipt of an expenditure for former-Councillor Bill Hodgson for an expense that falls outside of the Regional Council Expense Policy. The request for reimbursement was made prior to the end of the previous term of Council; however, given that there were no Audit Committee meetings until 2019, this was the earliest this could be brought before the Committee for consideration.

Under the policy, any expenditures submitted but not processed in accordance with this policy may be submitted to the Audit Committee to provide a recommendation respecting reimbursement to Council.

The particular expenditure to be considered by Audit Committee relates to expenditures for legal costs and as such Section 4.9 (d) of the policy applies:

d) Requests for reimbursement of legal costs outside this policy or the legal indemnification policy shall be submitted to the Audit Committee for recommendation to Council.

This request for reimbursement for legal fees in the amount of \$846.92 is being put forward to Audit Committee for consideration.

Respectfully submitted and signed by

Ann-Marie Norio
Regional Clerk

Appendix 1: Information Submission

To: Donna Gibbs

Note regarding Legal Expenses incurred and claimed

November 26, 2018

Following my resignation from the NPCA Board on May 15, 2017 it became clear to me that I would require legal services to assist me in defending myself against false, unwarranted and ongoing attacks upon my good reputation.

The May 30, 2017 article from the Stony Creek News is attached to document the fact that the nature of the attacks upon my reputation were being extended to my role as a Regional Councillor and the Region's Code of Conduct.

The failure of the Regional Chair and NPCA Chair to officially acknowledge my letter of resignation in a timely manner, had me being inappropriately reported in NPCA minutes as "Member absent". This was simply clear evidence that the intimidation for daring to voice a dissenting opinion, was being extended to my ongoing role as Regional Councillor.

In meetings with both Regional Legal Counsel (Sterling Wood, May 16, 2017) and Town of Lincoln staff, I was advised that neither could provide resources through the respective insurance coverages to defray the legal costs to defend myself. Based on this advice I have not looked to the Region Legal Indemnification Policy to cover costs.

The expenses claimed, represent the final billing as we have appealed to the IPC to order that I be provided access to the so-called Gowling Investigation Report and any other relevant documents, which were used to recommend my censure by the NPCA Board. Please note that the complete denial to any sort of due process by the NPCA continues to this day, and we await any decision by the IPC Office.



Bill Hodgson

Niagara Peninsula Conservation Authority member James Kaspersetz seeks further investigation into board actions

NEWS May 30, 2017 by Kevin Werner Stoney Creek News

SHARE

Hamilton's Niagara Peninsual Conservation Authority representative James Kaspersetz has asked for an investigation into Lincoln Regional Coun. Bill Hodgson for his involvement in the authority's audit process. - By Kevin Werner, HCN

Hamilton's Niagara Peninsula Conservation Authority representative James Kaspersetz has made a request to the Niagara Integrity Commissioner to investigate Lincoln Regional Coun. Bill Hodgson and his possible role in the authority's failed audit process.

Kaspersetz has asked John Mascarini to investigate why the authority unexpectedly halted the audit process in April, which prompted board members to censure Hodgson. In a letter to the mayors and councillors of Hamilton, Niagara, Lincoln and Haldimand, the findings of the investigation, conducted by Gowling WLF LLP "could potentially and reasonably be seen by an objective observer as an attempt to influence the (request for proposals) process as an implicit endorsement in favour of a potential bidder."

Hodgson was the mayor of Lincoln for 11 years until 2014. He didn't run for re-election, but instead was successful for regional council in 2014.

Under the Niagara Code of Conduct rules, it states: "All members of Council shall observe the highest standard of ethical conduct."

In addition, Kaspersetz has also filed a Freedom of Information request, "as part of my own investigation" seeking Hodgson's emails and other communications involved in the audit process.

Hodgson resigned from the authority's board earlier this month after being censured by members in late April after board chair Sandy Annunziata stated he received information about "alleged impropriety" involving the bidding process for a firm to conduct an audit. The authority cancelled the request for proposals process and asked the Auditor General of Ontario to conduct the review.

Annunziata said at the May board meeting that the board is awaiting instructions from the auditor general's office about how to proceed with the audit.

Hodgson has stated he is unable to comment on his situation.

He did say in the aftermath of his resignation that he was "being bullied and harassed" by other board members, and it was one factor in his decision to leave the board.

"My family and my health come first. The environment at the (Niagara Peninsula Conservation Authority) has been difficult for me," he stated.

The authority hired the legal firm, Gowling, to review the issue before the board voted to censure Hodgson. The Gowling report has yet to be made public. Gowling recommended censuring Hodgson and strengthening the board's code of conduct.

Hodgson kick-started the audit review in January when he introduced a motion for the authority to have an operational review. Board members approved in March to send out a detailed 32-page request for proposals asking independent accounting firms to bid on the project.

Hodgson, though, voted against the motion, arguing the board wasn't following the intent of his original January motion.

The Standard

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Auditor General report clears former NPCA board member of wrongdoing

Report refutes claims by conservation authority that Bill Hodgson corrupted auditor hiring process in 2016

News Oct 11, 2018 by Grant LaFleche and Bill Sawchuk **Standard Staff**



Bill Hodgson is photographed by his backyard bird feeders earlier this year. - Julie Jocsak , The St. Catharines Standard

The Auditor General had the last word on Niagara Peninsula Conservation Authority's censure of former board member Bill Hodgson — he didn't do what he was accused of.

But the Lincoln regional councillor is in no mood to celebrate.

"I've already spoken my piece," said Hodgson, [who isn't seeking re-election \(https://www.stcatharinesstandard.ca/news-story/8723219-becoming-citizen-bill-the-end-of-a-niagara-political-career/\)](https://www.stcatharinesstandard.ca/news-story/8723219-becoming-citizen-bill-the-end-of-a-niagara-political-career/). "When I look at the audit, there are a lot more important things in there than the part about me.

"Clearly, from what they have said about Thundering Waters, they aren't accepting the auditor's conclusions — and Thundering Waters is really where all of this started.

"It's just more of the same. They are determined to keep poking the public in the eye."

In April 2017, NPCA board chair and Fort Erie regional councillor Sandy Annunziata publicly censured Hodgson. He said Hodgson had corrupted the hiring process for an auditor.

NPCA hired Toronto law firm Gowling WLG, which produced a report Annunziata based the censure on. Annunziata claimed the report showed his accusations were facts, but would not release the report.

The Standard later obtained the document, which said Hodgson emailed a former colleague who expressed interest in bidding on the audit contract.

"Thank you for your interest in the process to undertake an operational review at the NPCA. I will be pleased to forward your email to the acting CAO ... He has been directed by the board to initiate a competitive procurement process to retain the services of an independent third party," Hodgson's email read.

Annunziata told the NPCA board that Hodgson's actions had "corrupted" the process and it was "not a situation we can tolerate." The auditor hiring process was then cancelled.

NPCA circulated a letter announcing its decision to Niagara Regional Chair Alan Caslin and regional council as well as Niagara's municipalities and the mayors and councils of Hamilton, Lincoln and Haldimand.

The letter said the findings of the Gowling investigation indicated Hodgson's actions "could potentially and reasonably be seen by an objective observer as an attempt to influence the RFP process as an implicit endorsement in favour of a potential bidder."

[The Standard found the Gowling report is missing key information about the allegations \(https://www.stcatharinesstandard.ca/news-story/8723219-becoming-citizen-bill-the-end-of-a-niagara-political-career/\)](https://www.stcatharinesstandard.ca/news-story/8723219-becoming-citizen-bill-the-end-of-a-niagara-political-career/) and that the firm didn't contact Hodgson when it produced the report, which Hodgson was not allowed to read when he was censured.

Hodgson responded by resigning from the board and accused board members of bullying him.

Auditor General Bonnie Lysyk's report released late last month refuted Annunziata's interpretation of the email.

"Our audit found other instances of board member involvement in day-to-day operations that could be perceived as exercising undue influence on staff," Lysyk's report said. "We did not consider (Hodgson's) email to be in the same category."

[Hodgson believes the animosity from some board members \(https://www.stcatharinesstandard.ca/news-story/8725990-becoming-citizen-bill-part-two/\)](https://www.stcatharinesstandard.ca/news-story/8725990-becoming-citizen-bill-part-two/) was driven by his attempts to chart a new course for NPCA in its response to public criticism of its operations, including the agency's attempt to help a developer build on provincially protected wetlands in Niagara Falls.

[NPCA's advocacy \(https://www.stcatharinesstandard.ca/news-story/8955517-ag-npca-at-odds-over-biodiversity-offsetting/\)](https://www.stcatharinesstandard.ca/news-story/8955517-ag-npca-at-odds-over-biodiversity-offsetting/) — [which was noted in Lysyk's report \(https://www.stcatharinesstandard.ca/news-story/8931284-npca-needs-to-restore-public-trust-says-auditor-general/\)](https://www.stcatharinesstandard.ca/news-story/8931284-npca-needs-to-restore-public-trust-says-auditor-general/) — convinced many that the conservation authority had lost sight of its mandate. The agency's failed \$200,000 defamation suit against activist Ed Smith, who issued a report critical of NPCA's practices, only added to the perception.

"I was trying to tell them they needed to take steps to rebuild public trust, which was one of their most important assets," Hodgson said. "It didn't mean they were admitting guilt.

"What they did instead showed themselves to be tone deaf and unable to repair the damage. They doubled down on all of it and treated me as a co-conspirator with Ed Smith.

"They thought I was just playing for ovations, but I've never done that in my life."

Annunziata did not acknowledge multiple interview requests for this story.

In an email, NPCA spokeswoman Krstyle Caputo said Annunziata will not discuss the Auditor General report because "only the auditor general may speak to her report."

Asked what regulation prohibits NPCA from discussing the report, Caputo said there are no regulations, but NPCA "feels" only the authors of reports should speak about them.

The Standard asked why Annunziata will not discuss his own decisions and actions and the Auditor General's findings on the issue, but got no reply from Caputo or Annunziata.

Caputo directed reporters to a 2017 interview Annunziata gave to a community publication written before The Standard obtained the Gowling document and the Auditor General's report was issued.

Tags: [News \(/stcatharines-on-news/\)](#) - [Local \(/stcatharines-on-news/local/\)](#), [News \(/stcatharines-on-news/\)](#)

MEMORANDUM

AC-C 8-2019

Subject: Children's Services Risk Assessment

Date: March 18, 2019

To: Audit Committee

From: Maciej Jurczyk, Director, Enterprise Resource Management Services

In accordance with the 2018 approved Audit Plan, the Internal Control and Organizational Performance (ICOP) division conducted a risk assessment of the Niagara Region's Children's Services Division. The objective of the risk assessment was to assist the Children's Services Division in identifying risks within its various operations and implement mitigation strategies to effectively manage the identified risk(s).

For clarity, this was not a traditional internal audit, as the Ministry of Education and Children's Services staff regularly test for compliance at regionally run and home-based centres. ICOP acknowledges that running children's services is an inherently risky operational function, not unlike police, water treatment or ambulatory services. It is a best practice for professionals in these inherently risky environments to self-identify and evaluate their top risks periodically to continuously improve their internal risk management tools and techniques. ICOP's role was to facilitate the process.

ICOP undertook a comprehensive review of the operations of the Children's Services Division; however due to significant differences in the service delivery structure, it was decided that two separate risk assessments be conducted:

1. Assessment of Regional Licensed Home Child Care Providers and
2. Assessment of Regional Child Care Centers.

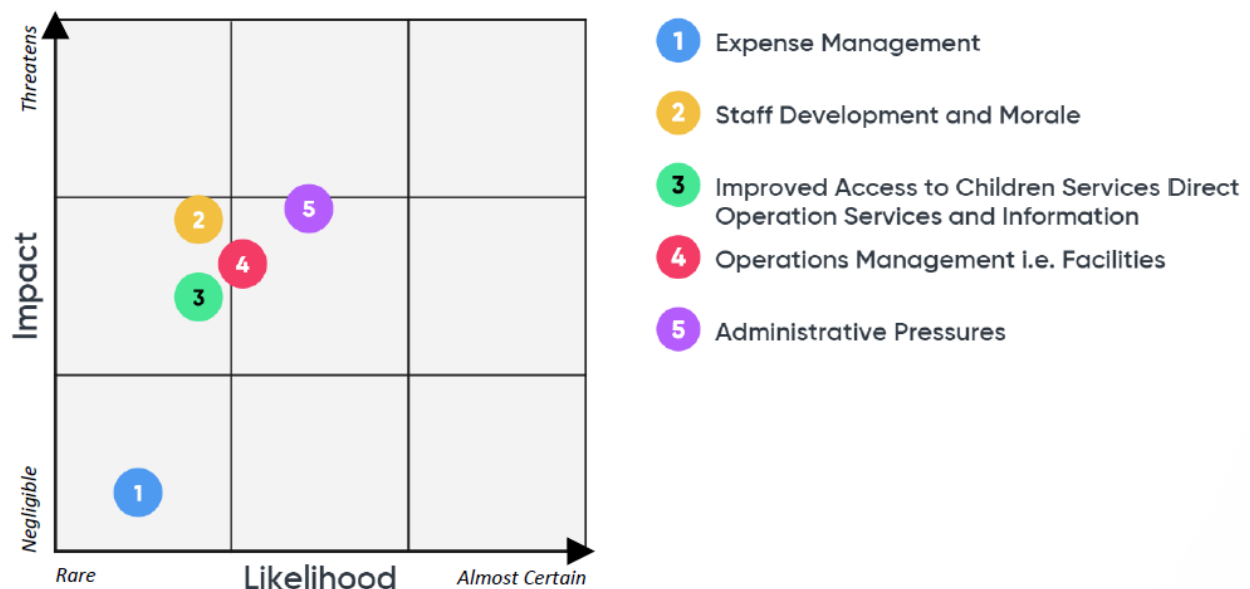
The risk assessment was conducted according to best practices outlined by the Institute of Internal Auditors (IIA). The risk assessment involved the following:

- Conducting one on one interviews with Children's Services staff to identify risks in both the Regional Licensed Home Child Care Division and the Regional Child Care Centers. The scope of these interviews concerned all aspects of running children's services including: financial, safety/security, operational, legal/compliance, etc.
- Reviewing Ministry of Education compliance requirements and internal Regional policies, procedures and other relevant documentation.
- Conducting a facilitated risk assessment session with both program areas, to prioritize the identified risks based on likelihood of the risk occurring and the impact of the risk if it were to occur.

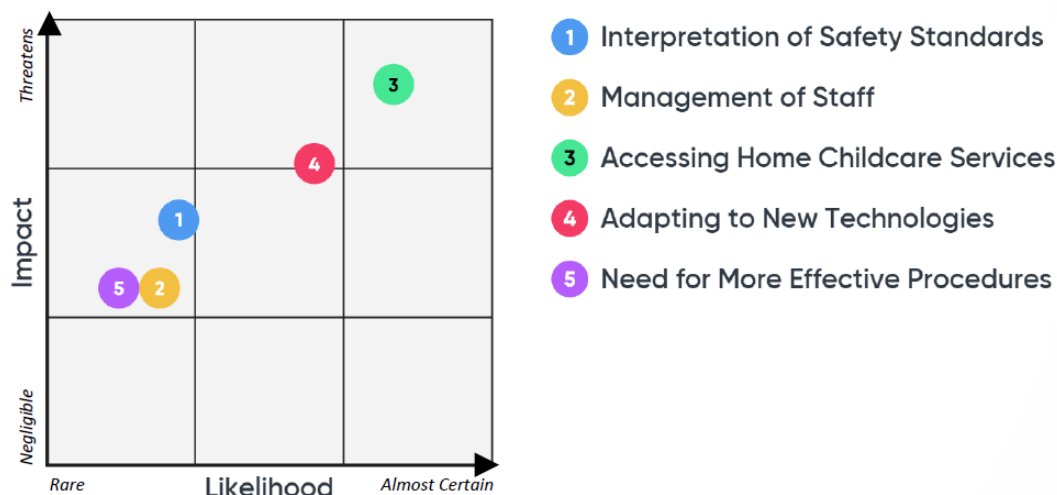
- Requesting and subsequently obtaining management action plans to address and mitigate identified risks.

In two separate facilitated sessions hosted by ICOP, the Home Child Care Provider Services Staff and the Regional Child Care Center Staff were requested to prioritize the identified risk based on the likelihood of it occurring and the impact to Children's Services if it did occur (definitions and a full accounting of the risk assessment methodology is identified in Appendix I). A technology tool called Mentimeter was used to collect the responses and analyze the results. The illustrations below identify the average risk scores as identified by Children's Services staff.

CHILDCARE CENTERS



HOME CHILDREN SERVICES



Multiple other risk areas were also discussed amongst Children's Services staff at these sessions including physical safety of children, funding/financial accountability, security of property, food safety etc. A consensus amongst staff was that due to the tightly controlled and highly regulated nature of the environment, these risks were being appropriately managed. ICOP staff concur, however some risks (i.e. physical injury to a child) cannot be entirely eliminated. See Appendix II & III for a listing of risks (called a Risk Register), which identifies the risk statement, risk description, Action Plan, time lines and Accountable Individual.

ICOP staff conclude that the Children's Services risk management plans are effective and are being appropriately managed by management and staff. As previously stated, due to the degree of Ministry oversight and internal checks of compliance; a full independent internal audit is not required at this time.

ICOP would like to thank the Children's Services Division for their involvement in this risk assessment.

Respectfully submitted and signed by

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

Appendix I – ICOP Risk Assessment Methodology

Definitions:

Risk	The possibility of an event occurring that will have an impact on the achievement of business objectives. Risk is measured in terms of impact and likelihood.
Inherent Risk	A risk that exists in the absence of controls.
Residual Risk	The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.
Likelihood	The probability that the underlying risk event will occur.
Impact	The significance or magnitude of a risk event assuming that it has occurred.

Risk Factors:

Factors that affect **Likelihood**:

- The degree of complexity and automation
- The maturity of the department and/or processes
- The effect of external factors and/or interdependencies on other departments/processes
- The degree of judgment and estimates used
- Whether there is a history of issues or errors
- The frequency of transactions within a process
- The nature of the department and/or processes
- The speed to onset of a risk event occurring

Factors that affect **Impact**:

- Corporate reputation
- Financial implications at the Corporate Level (materiality)
- Regulatory/Compliance effect
- The degree of Management involvement and effort
- Stakeholder expectations and the degree to which stakeholder confidence has been lost

How to Measure Likelihood:

No	Description	Definition
1	Rare	May occur in exceptional circumstances. Frequency: No incidents in the past 15 years. Probability: Less than 5% chance of occurrence.
2	Unlikely	Could occur at some time, especially if circumstances change. Frequency: One incident in the past 5-15 years. Probability: 5% - 34% chance of occurrence.
3	Possible	Might occur under current circumstances. Frequency: One incident in the past 5 years. Probability: 35% - 64% chance of occurrence.
4	Likely	Will probably occur at some time under current circumstances. Frequency: Multiple or recurring incidents in the past 5 years. Probability: 65% - 89% chance of occurrence.
5	Almost Certain	Expected to occur in most cases unless circumstances change. Frequency: Multiple or recurring incidents in the past year. Probability: 90% or greater chance of occurrence.

How to Measure Impact:

No	Category	Reputational	Financial	Regulatory	Operational
1	Negligible Impact	Minor Local Coverage, remedied	Less than 10K	Not Reportable	No Impact
2	Minor Impact	Minor local coverage, not remedied	\$10k to 50K	Reportable, no follow up	Minimal disruption
3	Notable Impact	Short term local or regional coverage	50K to 100K	Reportable, immediate correction	Threat to local business & environment, no evacuation, reversible
4	Substantial Impact	Mid term local or regional coverage, short term national coverage	100K to 150K	Reportable, major project to correct	Threat to large business & environment, short term evaluation, long term
5	Threatens the success of the program	Significant long term local, or regional or national coverage	Greater than 150K	Prosecution, fines, litigation, incarceration	Business disruption & environmental damage, long term evaluation, permanent

APPENDIX II
Niagara Region – Internal Control and Organization Performance
Children’s Services Risk Assessment – Home Based Services

Risk Registry

Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Time Lines	Risk Champion
3	Accessing Home Childcare Services	<p>The risk of not meeting the demand for Home Child Care Services.</p> <p>The risk of not increasing community awareness of Home Child Services program.</p>	<p>1. Currently, the Region does not have sufficient Home Child Care providers to meet the demand for Home Child Care Services. The implication of this is that the Child Care Services needs of residents living in the Niagara Region requiring Home Child Care Services for their children will not be sufficiently/adequately met.</p> <p>2. The Region may need to increase public awareness of Home Child Care Services. Without increased efforts in place to ensure adequate awareness of Home Child Care Services, unaware residents may lose essential opportunities to advance themselves; i.e. attending night classes to increase their education, turning down jobs that require a more flexible schedule or that require late evening working hours.</p>	<ul style="list-style-type: none">• The Region’s Children Services Division looks to continue working with local agencies, such as YMCA and Immigrant communities to create awareness of the Home Child Care Services program. The aim is to attract more Home Childcare Service providers and increase awareness of the Home Childcare Services program to Niagara Region’s residents.• Home Child Care Services division will continue working with the Communications Branch to develop materials that highlight the benefits of becoming a licensed home child care provider. These benefits include the following:<ul style="list-style-type: none">• Niagara Region would be able to place families approved for subsidized fees in the homes of contracted Home Child Care Service Providers• Eligibility to wage subsidies• Increased support and network, i.e. access to training and development classes, access to Regional staff expertise and more.• A marketing campaign will be created to help residents better identify the difference between Regional contracted home child care providers and non-contracted Home Child Care providers. Emphasis will be placed on marketing the “Decal sign” which is provided by the Region to its contracted Home Childcare providers. The marketing campaign’s primary objective would be to encourage parents to look for the Decal Signs in the homes of the home child care providers.• The Region’s Home Child Care division working along with Ontario Municipal Social Services Association (OMSSA) should continue to lobby the government along with the provincial agencies to ensure that all day care providers are registered and licensed.• The Region’s Home Child Care Program, Children’s Services Division should look to continuously work with Local Area Municipalities (LAMs) to enforce business licensing bylaws. Bylaws that require child care providers within the Niagara Region to be licensed and insured for child care delivery.• Regional Home Child Care division should continually scan advertising information of unlicensed Home childcare services within the Region of Niagara that contravene Provincial standards. The Region should notify the Ministry of Education of any issues.	<ul style="list-style-type: none">• Ongoing• Ongoing, all based on budget• Dec 31/19 based on budget• Ongoing• Ongoing• On going	<p>Helen Lake, Manager, Home Children’s Operations</p> <p>Ashley Boyle, Program Supervisor</p> <p>Ashley Boyle, Program Supervisor</p> <p>Darlene Edgar, Director, Home Child Care Services</p> <p>Darlene Edgar, Director, Home Child Care Services</p> <p>Darlene Edgar, Director, Home Child Care Services</p>

APPENDIX II
Niagara Region – Internal Control and Organization Performance
Children’s Services Risk Assessment – Home Based Services

Risk Registry

Page 2 of 2

Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Time Lines	Risk Champion
4	Adapting to new Technologies	The risk of not taking advantage of available technologies to improve the delivery of Home Child Care Services	<ul style="list-style-type: none"> Currently, the Region may not be taking full advantage of new technology in the delivery of Home Child Care Services. For example, Home Childcare Advisors are currently using outdated flip phones to communicate when visiting homes. Technology could improve its operations as well as maximize its efficiencies in the delivery of Home Childcare Service. 	<ul style="list-style-type: none"> 90% of the Ministry of Education’s non-compliance citations are issued due to documentation errors. The Home Child Care Service division will create a simplified daily log easier for home child care service providers to understand and comply with program requirements. The daily log should be developed in consultation with home child care providers to ensure simplicity in completing while all program requirements are maintained. The Region will develop a risk-based inspection program to ensure inspection requirements are met yet increasing the frequency for inspections and visits to Home Child care providers that continue to have documentation noncompliance issues with regards to meeting the standard of the Ministry of Education. New cell phones have been approved for Home Child Care Services advisors. 	<ul style="list-style-type: none"> Ongoing – Dec 31/19 Completed Completed 	<p>Helen Lake, Manager, Children’s Operations</p> <p>Helen Lake, Manager, Children’s Operations</p> <p>Helen Lake, Manager, Children’s Operations</p>
1	Interpretation of Safety At Home Childcare Provider’s Homes	Inconsistent interpretation and application of standards by staff and providers with regards to evaluating safety program standards at Provider’s locations.	<ul style="list-style-type: none"> There is a potential for varied interpretation of safety standards by staff and child care providers at the premises. 	<ul style="list-style-type: none"> The current Home Safety Inspection Form was developed by the Province of Ontario. The manual was presented to Regional management by the Province with an overview component to ensure all staff are familiar with details of the inspection program. Bi-weekly staff meetings are held to discuss issues including the interpretation of the forms. The forms have been revised over last few years to minimize the amount of discretionary judgement. All high level issues/risks are escalated immediately to management. During provider contract renewal periods the last 12 months of inspections are reviewed by management and staff. 	<ul style="list-style-type: none"> Ongoing monitoring of training needs and 	Helen Lake, Manager, Children’s Operations
2	Management of Home Child Care Services Staff	Safety concerns of Home Child Care Services advisors, and legal liability exposure of Home Services advisors.	<ul style="list-style-type: none"> Potential safety concerns of staff visiting prospective Home Child Care providers to conduct inspections alone. Home Child Care advisors may be exposed to legal liability as they may be required to sign as witnesses to the terms within the home child care contracts. 	<ul style="list-style-type: none"> Management will look at potential risks/issues related to safety and best practices for inspections at provider’s places of business. A meeting will be held with Health and Safety to determine the need for staff training. Legal has reviewed the contract and provided an opinion that there is no liability as staff are only verifying the identity of the answers not the quality or accuracy of the information. 	<ul style="list-style-type: none"> By end of September, 2019 	Helen Lake, Manager, Children’s Operations
5	Need to ensure that Home Child Care providers fully comprehend and are able to comply with Regional program standards.	Training and development and program requirements for providers may not be fully understood impacting overall compliance levels.	<ul style="list-style-type: none"> Agreements with providers can be very complex; there is a risk that Home Child Care providers may not fully understand the various aspects of the contract based on variations of language, experience and geographic location. 	<ul style="list-style-type: none"> A revised contract was implemented on Sept 2018. The contract was reviewed for approximately one year with Legal and program staff providing input. The document is submitted for about a 1 - 2 week period to ensure they have had time to review and get their own legal input. 	<ul style="list-style-type: none"> Completed 	Helen Lake, Manager, Children’s Operations

APPENDIX III
Niagara Region - Internal Control and Organization Performance
Children’s Services Risk Assessment – Centre Based Services

Risk Registry

Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Timelines	Risk Champions
1	Administrative Pressures	The risk that administrative pressures continue to affect the Children Services Centers ability to keep up with excessive Ministry of Education’s documentation requirements	<ul style="list-style-type: none">Highest non-compliance rate is in documentation (signatures, initials), affecting the rating of Regional Child Care Centers.Need to lobby the provincial government regarding the use of technology in procedure documentation as most documentation issues involves errors in paperwork and manual procedures.	<p>1. Current activities:</p> <ul style="list-style-type: none">Created the position of Program Assistant (1 person that rotates between the 5 sites) to alleviate administrative positions from site supervisors. This is a unionized position so there some areas of work that this person can not perform.Another non-union position was added on a temporary basis to support more confidential work.Due to increased MoE administrative a new Lead Registered Early Childhood Educator (RECE) job (1 per centre) was posted to be on the floor to support supervisors in their absence and help with administrative/support duties. This position can also perform HQ duties when work allows.Created the ‘six-sided’ file to make retrieval of documents much easier and simpler. Accessing client files are easier to chronological filing, etc. <p>2. Future activities:</p> <ul style="list-style-type: none">Add a second Program Assistant that can focus on St. Catharines and Niagara Falls and the other Program Assistant would focus on the southern locations.Looking at adopting a version of NoteFinder, a software system used by SAEO which would make all templates electronic	<ul style="list-style-type: none">Decision on Program Assistant will be made in Q3 for possible implementation in 2020NoteFinder is very preliminary. Still scoping for implementation in 2020 if it is determined feasible.	<p>Darlene Edgar, Director, Children’s Services</p> <p>Laura Rasmussen, Manager, Children’s Operations, with the support of site supervisors to conduct pilot testing.</p>
2	Operations Management. i.e. Facilities	Risk of not completely utilizing latest facility and security upgrades.	<ul style="list-style-type: none">Need for more child development additions to the centers, i.e. developing naturalized play grounds in all direct operation child care centers.Need for security cameras around all Regional Child Centers.	<ul style="list-style-type: none">2 of 5 sites (Port Colborne and Fort Erie) already installed naturalized playgrounds and 3rd (Welland) is making in-house changes which will up to code.St Catharines is changing as the new build is being completed (in progress)Niagara Falls has plans but needs funding.2 of 5 sites have cameras installed and St Catharines has ongoing talks to have them installed during the current capital build.Once implemented in St. Catharines it could be expanded to the remaining 2 sites.	<ul style="list-style-type: none">2020 for completion of St Catharines.Niagara Falls has no firm date for completion2020 for installation in St. CatharinesOngoing discussions for remaining sites.	<p>Laura Rasmussen, Manager Children’s Operations and site supervisor (Terry Barkley)</p> <p>Nicole Menard, Project Manager, Facilities along with Terry Barclay, Supervisor, Child Care Centre</p>
3	Staff Development and Morale	The risk that staff could lack the required training and skills to respond to various situations	<ul style="list-style-type: none">New ECEs staff within the child care centers are currently being exposed to family issues affecting the parents of children within the child care centers. Some ECEs may not be able to properly respond to these issues.	<ul style="list-style-type: none">Looking at developing ECE mentorship program for new hires being looked at but definitive timeframe.Hands on orientation for new hires where a supervisor will discuss the policy manuals instead of just asking them to read it.	<ul style="list-style-type: none">Ongoing discussions	<p>Laura Rasmussen, Manager, Children’s Operations</p>

APPENDIX III
Niagara Region - Internal Control and Organization Performance
Children’s Services Risk Assessment – Centre Based Services

Risk Registry

Risk Number	Risk Category	Risk Statement	Risk Description (incl. consequences)	Action Plan	Timelines	Risk Champions
				<ul style="list-style-type: none">Ongoing support reviews to build strong work relationships and proactively manage operational issues.		
4	Improved Access to Children Services and Information	Risk of insufficient vacancies for child care centers and information pertaining to regional child care centers.	<ul style="list-style-type: none">A need to review enrollment prioritization procedures.What measures are taken to consider effective Integration of services (i.e. NRH to Child Services) to work toward further integrations of services working toward a hub model.Management need to have measures in place to increase its offering of infant spaces within Child Services direct operations.	<ul style="list-style-type: none">Registry listing is based on submission of the application.Concessions will be made for special circumstances.	<ul style="list-style-type: none">Given the current waitlist, client demand and accommodations for special circumstances there is little need to change the process.	Laura Rasmussen, Manager, Children's Operations
5	Expense Management	The risk of not having adequate expense management processes in place in regards to food expenses.	<ul style="list-style-type: none">Management should continue to improve on procedures that provide effective oversight on food expenses.Management should improve monitoring of prices and continue to look for ways to capitalize on volume discounts.	<ul style="list-style-type: none">Ongoing review of expenses and purchasing policies though the support of the Program Financial Specialist.Monthly variance analysis over food budgets will continue to be reviewed my management.	<ul style="list-style-type: none">Ongoing	Laura Rasmussen, Manager, Children's Operations John Pickles, Program Financial Specialist

MEMORANDUM

AC-C 9-2019

**Subject: Councillor Information Request – Financial Management and Planning
Organization Chart**

Date: March 18, 2019

To: Audit Committee

**From: Helen Chamberlain, Director, Financial Management and Planning/Deputy
Treasurer**

At the February 4, 2019 Audit Committee Meeting the following Councillor Information Request was made:

Provide an organization chart with an expanded view of the Financial Management and Planning Division, which shows the number of full time employees. Councillor Redekop.

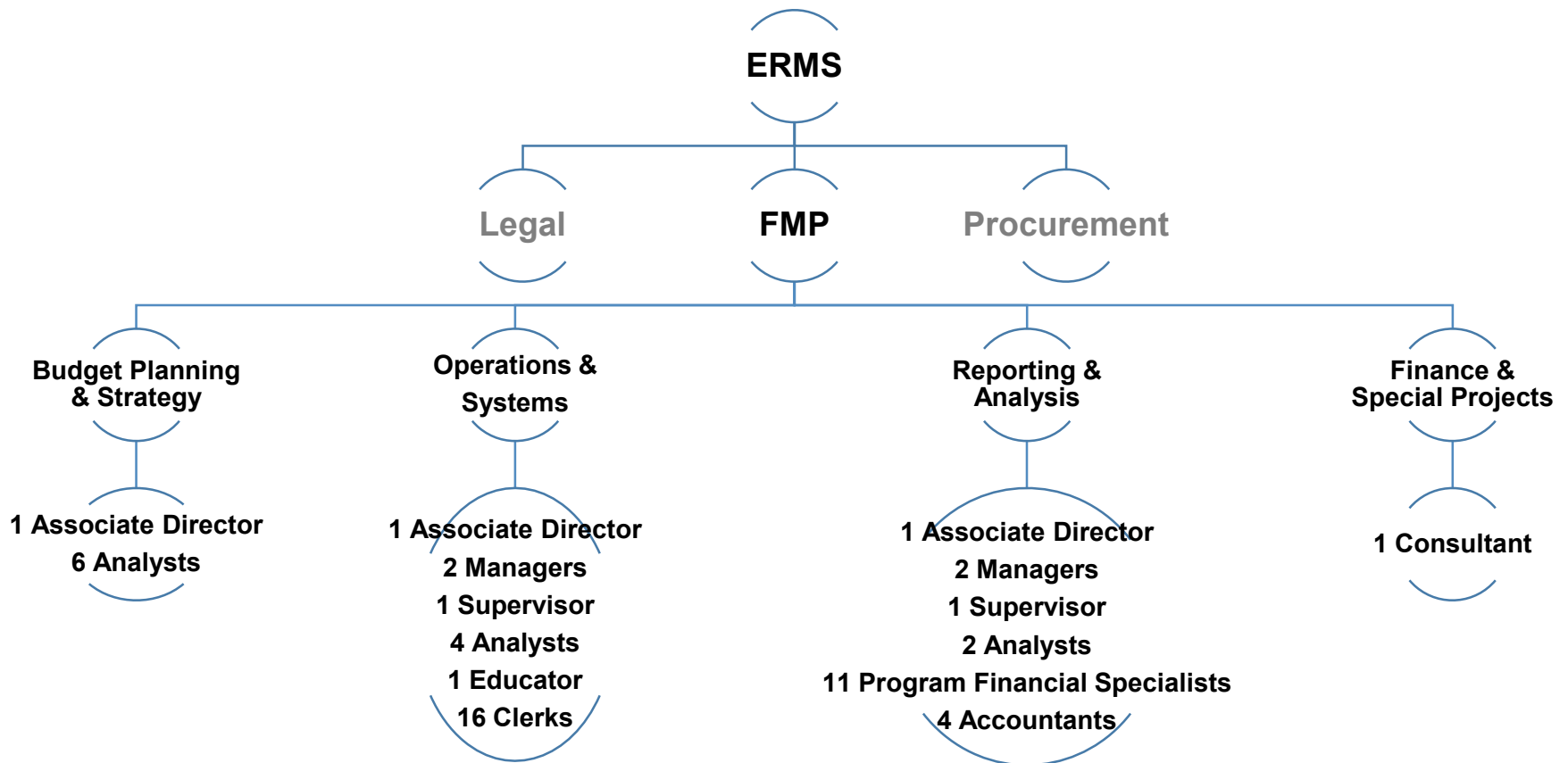
The slide provided previously in the New Audit Committee Orientation presentation has been updated in Appendix 1 to identify the full-time equivalent positions in all of the divisions of Financial Management and Planning.

Respectfully submitted and signed by

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

Appendix 1 – FMP Organization Chart

Financial Management and Planning – Who are we....



MEMORANDUM

AC-C 12-2019

Subject: Audit Plan Progress Update Dashboard

Date: March 18, 2019

To: Audit Committee

From: Maciej Jurczyk, Director, Internal Control & Organizational Performance

On a quarterly basis, Internal Control & Organizational Performance submits a performance dashboard to the Audit Committee. The objective is to demonstrate progress against the Annual Audit Plan and provide other key performance indicators in a one-page summary. The dashboard is attached as appendix 1 to AC-C 12-2019.

The 2019 Audit Plan (see AC-C 5-2019) was approved on February 4, 2019 by Audit Committee and ratified by Council on February 28, 2019.

Respectfully submitted and signed by,

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Internal Control & Organizational Performance



INTERNAL CONTROL & ORGANIZATIONAL PERFORMANCE AUDIT PLAN PROGRESS UPDATE

Current as of March 6, 2019

Assurance Projects

2017 Interim Audit Work Plan (AC-C 14-2017)

	Percentage Complete	Audit Phase	Project Status	Due Date
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
Controlled Medication Inventory	100%	-	Complete	31-Dec-18
Accounts Payable	100%	-	Complete	28-Feb-19
IT General Controls	100%	-	Complete	30-Apr-18
Chippawa CSO Internal Review	100%	-	Complete	10-Sep-18
Children's Services Risk Assessment	100%	-	Complete	28-Feb-19

2019 Audit Plan (AC-C 5-2019)

Homelessness Service Providers Contract Compliance	15%	Planning	In Progress	24-Jun-19
Waste Management Contract Compliance	10%	Planning	In Progress	24-Jun-19
Employee Benefits Claims	0%	-	Not started	9-Sep-19
HR On-boarding & Off-boarding Audit	0%	-	Not started	2-Dec-19
Procurement: Sole / Single sourced	0%	-	Not started	9-Sep-19
MTO Driver Certification Program Audit	0%	-	Not started	2-Dec-19
Long Term Care Homes Risk Assessment	0%	-	Not started	2-Dec-19
Water Treatment Operations Risk Assessment	0%	-	Not started	2-Dec-19

Advisory & Other Projects

Project Name	Status
- Follow-up Status of Management Action Plans	Ongoing (Quarterly)
- Internal Audit methodology & training	In progress
- Recruiting new Process & Compliance Auditor	In progress

Changes to 2019 Annual Audit Plan

- None

Annual Audit Plan Status

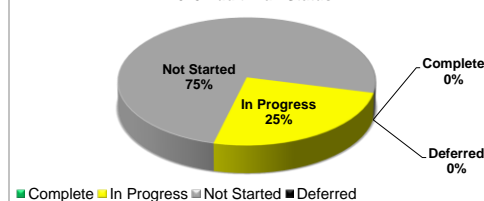
Commentary:

- The objective of the 2019 Internal Audit Plan is to provide independent, objective assurance and advisory services designed to add value through meaningful recommendations and to improve Niagara Region's operations and system of internal controls

- Internal Control & Organization Performance (ICOP) has completed all projects identified in the 2017 Interim Audit Workplan (AC-C 14-2017); these were previously presented to the Audit Committee. ICOP completed eleven audit projects from the 2018 Audit Plan (AC-C 6-2017); these were also reported to Audit Committee across 2018 & 2019 (**Exception is 2018 Procurement Audit which is awaiting Commissioner & Acting CAO commentary).

- The 2019 Audit Plan (AC-C 5-2019); was approved by Audit Committee on February 4, 2019 and ratified by Council on February 28, 2019. The Homelessness and Waste Management Contract Compliance Audits are in progress (both in the planning stages).

2019 Audit Plan Status



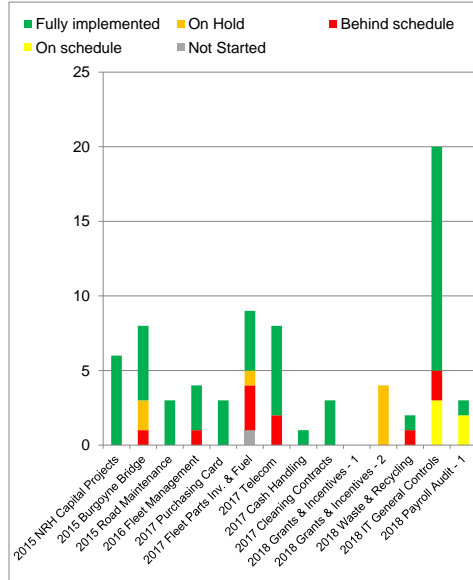
Management Action Plan (MAP) Status

	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	-	-	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 MAP's across all business units (23 when previously reported to the Audit Committee in AC-C 34-2018). Greater detail is identified in AC-C 3-2019 (current as of February 4, 2019).



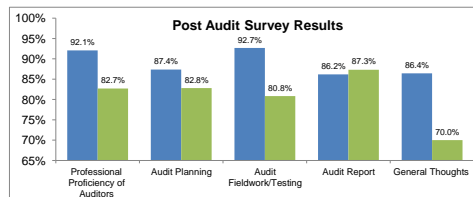
Post Audit Survey Results

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. No surveys yet in 2019.



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
Joan Ugwu	Process & Compliance Auditor	CFE	18-Feb-19
Vacant	Process & Compliance Auditor	-	-
Henrik Xiang Gao	Internal Audit Analyst	MBA	10-Sep-18
Bartłomiej Gora	Internal Audit Co-op Student	-	4-Sep-18