Subject: Management Action Plan Update

Report to: Audit Committee

Report date: Monday, May 10, 2021

Recommendations

1. That Report AC-C 5-2021 regarding the current status of audit recommendations **BE RECEIVED.**

Key Facts

*   The purpose of this report is to provide Audit Committee with a status update on management responses to audit recommendations that are not fully implemented.
*   Management Action Plan (MAP) status updates are considered a mandatory best practice by the Institute of Internal Auditors (IIA) to ensure Audit Committee is aware of any outstanding risk areas within the corporation.
*   A total of 14 outstanding high and medium risk audit recommendations and related management responses are summarized in this audit report.

Financial Considerations

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

Analysis

Many of the program areas have continued the implementation of management action plans as noted in the attached summary. Since the last report all recommendations related to Payroll Audit and VFM Road Maintenance have been fully addressed and removed from the list. HR/Total Rewards has continued working with the benefits carrier on strengthening controls in two identified areas noted in the audit report to successfully meet its planned completion date.

In addition, the final outstanding recommendations related to the 2016 Burgoyne Bridge VFM Audit have been transferred to stand alone projects with revised timelines. Each of these projects – Project Cost Estimating and Enterprise Content Management will be

monitored by Internal Audit until such time as they have been fully addressed or a subsequent audit is completed.

Niagara Region has implemented several of project management recommendations identified in the initial Burgoyne Bridge VFM Audit. For several completed and active Tier 1 projects the Region has improved its estimating, reporting, contract oversight and documentation standards with noticeable positive results. Examples of successful projects include the Long Term Care redevelopments in Fort Erie and St. Catharines, South Niagara Falls Water/Waste Water Treatment Facility and NRPS District 1 building construction.

Finally, many of the recommendations related to the three Procurement-related audits have been addressed or are on target to be completed within the prescribed timeframes.

Alternatives Reviewed

No other alternatives were reviewed at this time.

Relationship to Council Strategic Priorities

Internal Audit along with related audit functions such as Value-for-money (VFM) audits and compliance reviews were identified and approved within the current Council's Strategic Priority – Sustainable and Engaging Government. The goal of this strategic initiative is a commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.

Management Action Plan status updates satisfy IIA Performance Standard 2500 – Monitoring Progress. "The Chief Audit Executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented."

Other Pertinent Reports

AC-C 12-2020 – Management Action Plan Update

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Appendices

Appendix 1 AC-C 5-2021 Management Action Plan Update

MANAGEMENT ACTION PLAN UPDATE

Report Title	Report Issue Date	High & Medium Observations	Closed	In Progress	Past Due	On Hold	Deadline	Follow-up Action Plan
Enterprise Content Management	Feb-16	1		1			Jun-22	Niagara Region initiated Enterprise Content Management (ECM) program to ensure that all corporate information assets and artifacts are properly managed throughout their lifecycle. In answer to gaps identified in a 3rd party audit and general concerns over document management and auditability, the Region is looking to ensure all content is secured, managed and a clear audit trail of the lifecycle of the content is available.
Project Estimating	Feb-16	1				1		Project Estimating has become the responsibility of Asset Management Office. A 5 year Asset Management Plan will be submitted in Q3 2021 which will include Project Estimating, as well as other subprojects.
Fleet Parts Inventory & Fuel Audit	Nov-17	1				1	n/a	The observation on hold pertains to research the cost and benefit associated with installation of automatic fuel pumps. The research is dependent on Council's direction on Niagara Region's role in Material Recycling Facilities (MRF)
P-Card Audit	Oct-17	10	10				n/a	Follow-up audit planned for 2021

Information Technology Security and Data Backup Controls Audit	Apr-18	16	15	1			Apr-20	The three observations in process pertain to security assessments, remote sites of infrastructure devices and investigation of CMDB tool. Internal Audit is currently scoping out plans to conduct audits next year focussing on cyber security, access and control measures and penetration testing.
Grants and Incentive Program	Jun-18	4		4			Dec-20	In September 2019 Regional Council identified four priority areas for Regional incentives (Affordable Housing, Brownfield Remediation, Employment, and Public Realm). An interdepartmental Committee, and four subcommittees for each priority area, have been meeting to work through program alignment, financial implications, administrative models, and more. Following final engagement this spring, it is anticipated a presentation and recommendation report regarding incentives will go to Regional Council in summer 2021.
Procurement Audit	Jan-20	4	1	3			Dec-20	One recommendation has been fully addressed while the remaining three are in progress and on time.
Non-competitive Procurement Audit	Jan-20	3	1	2			Jul-20	One recommendation has been fully addressed while the remaining two are in progress and on time.
Health Benefits Claims Audit	Mar-20	2	2	0			Dec-21	HR/Total Rewards has worked with the carrier to receive expanded and improved reporting which will facilitate identification of potential and support contract negotiations. In addition, the carrier has agreed to request additional documentation for vision care to ensure compliance with expected policies.
KPMG Non-Competitive Procurement Audit	Dec-20	4	2	2			Dec-21	Of the HIGH/MEDIUM risks identified by KPMG two have been completed and two are in progress and on time.
		46	31	13	0	2		