

Internal Audit Q4 2024

Project Status Update

Audit Summary - Controlled Medications Inventory & P-Card

December 9, 2024

Status Update – 2024 Engagements

Project	Current Status	Auditor
Controlled Medications – Storage and Monitoring Controls – Phases 1 & 2	Phase 1 completed in Q1; Phase 2 completed in Q4	Hari Vemuri
Vendor Performance Management for Tier 1 Contracts	Complete	KPMG
Vendor Governance and Relationship Management for Consulting Services	Complete	KPMG
P-Card Audit (2017) – Follow up Audit	Complete	Hari Vemuri
Whistleblower Policy	Fieldwork is in progress; Target completion by Q2 2025	Hari Vemuri
Child Care Centres – CWELCC Compliance Audit	RFP issued; external audit firm selected Target: Completion by June 30, 2025	TBD

P-Card - Audit Summary

Background

As part of the 2024-26 Audit Plan, Internal Audit conducted a follow-up review of the Purchasing Card (P-Card) program, focusing on transaction and payment processes across Niagara Region. Introduced in 2017, the P-Card program aims to streamline purchasing for low-value items, with a standard \$5,000 transaction limit per cardholder, adjustable based on operational needs.

P-Card - Audit Summary

Scope

The audit focused on:

- Controls: Checking if current controls can prevent or detect misuse of funds.
- Compliance: Reviewing P-Card usage for potential misuse or policy violations.
- Efficiency: Identifying ways to streamline procurement and improve cost management.
- Follow-Up: Ensuring previous audit recommendations from 2020 were implemented effectively.

P-Card - Audit Results

Audit Summary

The P-Card program showed continued improvement, with no major or high-risk issues. Total spending from 2022 to mid-2024 was \$23.7 million, focused on fuel, hotels, repairs, maintenance, and office supplies.

Key Practices Noted:

- Comprehensive training for P-Card holders
- Streamlined expense categories, with fuel card introduction to optimize spending
- Full implementation of 2020 recommendations, strengthening internal controls and program oversight

P-Card - Audit Results

Recommendations

1. Establish Corporate Accounts: Based on high vendor spending, Procurement should set up corporate accounts and centralize purchasing to leverage buying power, negotiate better pricing, and streamline processes. This should be phased based on vendor availability and spending volumes.
2. Expand Spot-Check Process: Increase the frequency of spot checks, with Internal Audit leading reviews alongside Procurement to enhance accountability and oversight.

Controlled Medications - Follow-up

Background & Scope

In response to the initial 2019 audit on controlled medications, Niagara Emergency Medical Services (NEMS) took steps to enhance its management of narcotics storage and inventory control. This follow-up audit, conducted in 2024, evaluated NEMS' progress in addressing prior recommendations and strengthening its internal controls. Key objectives included assessing policy updates, staff training, and inventory management practices to ensure ongoing compliance with regulatory standards and internal protocols.

Controlled Medications - Follow-up

Findings & Status

All recommendations have been implemented, with ongoing improvements to strengthen controls.

1. Proposed policy updates were implemented in 2019 updates.
2. Destruction of narcotics is included in draft policy which will be approved in Q4 2024
3. Expired medications are tracked on a master spreadsheet, reconciled weekly to improve accuracy.
4. Lockbox access controls are reviewed semi-annually, with all keys uniquely numbered and logged.

Questions?