INTERNAL CONTROL & ORGANIZATIONAL PERFORMANCE
AUDIT PLAN PROGRESS UPDATE

Current as of August 23, 2019

Assurance Projects

2017 Interim Audit Work Plan (AC-C 14-2017)	Percentage Complete	Audit Phase	Project Status	Due Date	Dept & Division under review	$ under review
Purchasing Card	100%	-	Complete	31-Oct-17	Corporate Services, Procurement	$9,629,000
Fleet Parts Inventory & Fuel	100%	-	Complete	9-Nov-17	Public Works, Transportation & Wa	$1,883,000
Cash Handling	100%	-	Complete	15-Jan-18	Corporate-wide	$16,180,000
Mobile Telecommunications	100%	-	Complete	15-Jan-18	Corporate Services, IT	$548,000
Cleaning Contract	100%	-	Complete	15-Jan-18	Corporate Services, Facilities	$665,000
2018 Audit Plan (AC-C 6-2017)						
Grants & Incentives: Phase 1	100%	-	Complete	7-May-18	Planning/Development & Ec/Dev	$8,746,000
Grants & Incentives: Phase 2	100%	-	Complete	18-Jun-18	Planning/Development & Ec/Dev	$8,746,000
Waste and Recycling Drop-Off Depot Agreement	100%	-	Complete	30-Mar-18	Public Works, Waste Management	$104,000
Procurement: Bidding / Tendering process	90%	Reporting	In Progress	31-Dec-18	Corporate Services, Procurement	$470,786,000
Payroll Phase 1: Time-keeping	100%	-	Complete	10-Sep-18	Corporate-wide	$251,284,000
Payroll Phase 2: Payroll processing	100%	-	Complete	24-Oct-18	HR	$251,284,000
Controlled Medication Inventory	100%	-	Complete	31-Dec-18	Public Health & Community Servic	$9,000
Accounts Payable	100%	-	Complete	28-Feb-19	Corporate Services, FMP	$385,000,000
IT General Controls	100%	-	Complete	30-Apr-18	Corporate Services, IT	Not Applicable
Chippawa CSO Internal Review	100%	-	Complete	10-Sep-18	Public Works, W/WW	$4,692,000
Children's Services Risk Assessment	100%	-	Complete	28-Feb-19	Community Services, Children's	$29,468,000
2019 Audit Plan (AC-C 5-2019)						
Homelessness Service Providers Contract Compliance	100%	-	Complete	9-Sep-19	Community Services, Homelessne	$11,233,000
Waste Management Contract Compliance	30%	-	**Deferred**	TBD 2020	Public Works, Waste Management	$21,044,000
Employee Benefits Claims	30%	Fieldwork	In Progress	2-Dec-19	HR	$19,940,000
HR On-boarding & Off-boarding Audit	0%	-	Not started	TBD 2020	HR	$74,000
Procurement: Sole / Single sourced	35%	Fieldwork	In Progress	2-Dec-19	Corporate Services, Procurement	$44,426,000
MTO Driver Certification Program Audit	0%	-	Not started	2-Dec-19	Public Works, Transportation	TBD
Long Term Care Homes Risk Assessment	5%	Planning	In Progress	2-Dec-19	Community Services, Seniors	TBD
Water Treatment Operations Risk Assessment	0%	-	Not started	2-Dec-19	Public Works, W/WW	$572,000

Annual Audit Plan Status

Changes to 2019 Audit Plan:

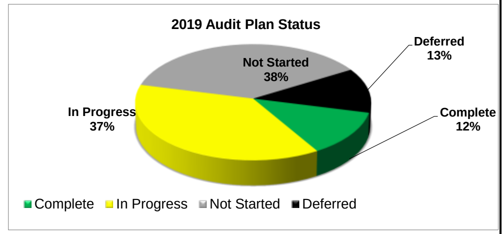
1. Waste Management Contract Compliance Audit (Phase 2 - vendor performance and contract management) deferred to 2020. See AC-C 15-2019.

Progress 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 has completed five projects identified in the 2017 Interim Audit Workplan (**AC-C 14-2017**); and eleven audit projects from the 2018 Audit Plan (**AC-C 6-2017**); all audit projects have previously been reported to Audit Committee (except Procurement Audit).

- 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 theme of this audit plan is contract compliance with Niagara Region's major vendors; whereas the theme of the last audit plan was the Procure-to-Pay cycle. An audit of contract compliance related to Homelessness Service Providers was replaced with a comprehensive consulting review to reflect the needs of the Community Services Department, and which was completed during the past quarter. The Employee Benefit Claims Audit and Single/Sole-Source Procurement Audits are on-going and due to be reported back to Audit Committee in Q4. Earlier, ICOP Audit Staff deferred the Waste Management Contract Compliance Audit mid-way through the project to 2020, to accommodate a requested from Waste Management and Corporate Services. Lastly, the HR On-boarding Audit will be started in late 2019 but completed in early 2020, then reported to Audit Committee during the first meeting in early 2020, this is the result of a staffing vacancy and two projects (Homelessness & Benefits) being larger in scope than anticipated.



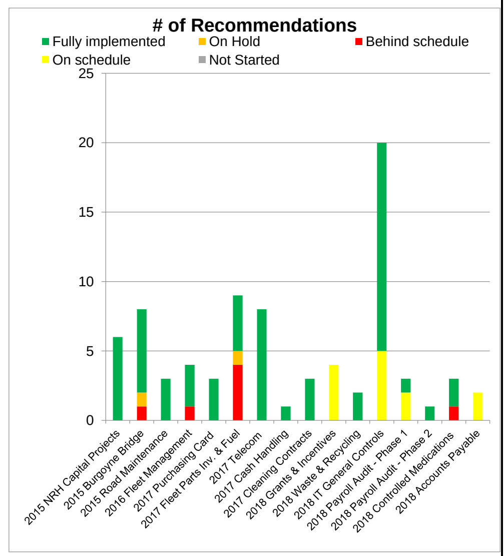
Other on-going projects & activities:

- Recruiting vacant Process & Compliance Auditor
- Training & Professional Development

Recommendations Status - current as of May 6, 2019

Audit Project Title	Total Recommendations	Not Started	On schedule	Behind schedule	On Hold	Fully implemented
2015 NRH Capital Projects	6	-	-	-	-	6
2015 Burgoyne Bridge	8	-	-	1	1	6
2015 Road Maintenance	3	-	-	-	-	3
2016 Fleet Management	4	-	-	1	-	3
2017 Purchasing Card	3	-	-	-	-	3
2017 Fleet Parts Inv. & Fuel	9	-	-	4	1	4
2017 Telecom	8	-	-	-	-	8
2017 Cash Handling	1	-	-	-	-	1
2017 Cleaning Contracts	3	-	-	-	-	3
2018 Grants & Incentives	4	-	4	-	-	-
2018 Waste & Recycling	2	-	-	-	-	2
2018 IT General Controls	20	-	5	-	-	15
2018 Payroll Audit - Phase 1	3	-	2	-	-	1
2018 Payroll Audit - Phase 2	1	-	-	-	-	1
2018 Controlled Medications	3	-	-	1	-	2
2018 Accounts Payable	2	-	2	-	-	-
TOTAL # of Issues	80	0	13	7	2	58

Audit Project Title	Total Recommendations	Not Started	On schedule	Behind schedule	On Hold	Fully implemented
Corporate Services	40	-	7	1	1	31
Community Services	2	-	-	-	-	2
Planning & Development	4	-	4	-	-	-
Public Health	4	-	-	3	-	1
Public Works	15	-	-	3	1	11
Human Resources	9	-	2	-	-	7
Other: NRH	6	-	-	-	-	6
TOTAL # of Issues	80	0	13	7	2	58

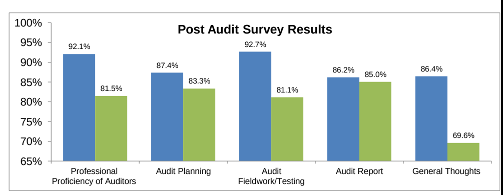


Outstanding Recommendations - current as of August 23, 2019:

There are 22 outstanding audit recommendations across all business units (23 when previously reported to the Audit Committee in **AC-C 14-2019**). Progress is being made against all outstanding Recommendations, and ICOP staff are confident all will be completed within a reasonable period of time. Greater detail is identified in **AC-C 24-2019**.

Post Audit Survey Results

Survey Areas of Interest	2017	2018	2019	Details
Professional Proficiency of Auditors	92.1%	81.5%	NA	Objectivity, professionalism, and knowledge of program areas.
Audit Planning	87.4%	83.3%	NA	Communication effectiveness of scope, objectives, timing and approach.
Audit Fieldwork/Testing	92.7%	81.1%	NA	Effective use of client's time.
Audit Report	86.2%	85.0%	NA	Clear, concise report with timely and meaningful recommendations.
General Thoughts	86.4%	69.6%	NA	Overall benefit of audit and conduct of ICOP team.
AVERAGE SCORE	**89.5%**	**80.6%**	**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
Kam Juss	Process & Compliance Auditor	CPA, CA	29-Jul-19
Xiang Henrik Gao	Internal Audit Analyst	MBA	10-Sep-18
Katie Mamede	Internal Audit Co-op Student		6-May-19