
MEMORANDUM

AC-C 26-2019

Subject: Internal Audit Plan Progress Update Dashboard

Date: September 9, 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 Internal Audit Plan and provide other key performance indicators in a one-page summary. The dashboard is attached as Appendix 1 to AC-C 26-2019.

The 2019 Internal 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
Corporate Services

**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 & W | \$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 Service | \$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:

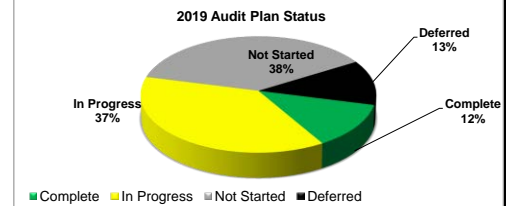
1. Waste Management Contract Compliance Audit (Phase 2 - vendor performance and contract management) deferred to 2020. See AC-C 15-2019.

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.



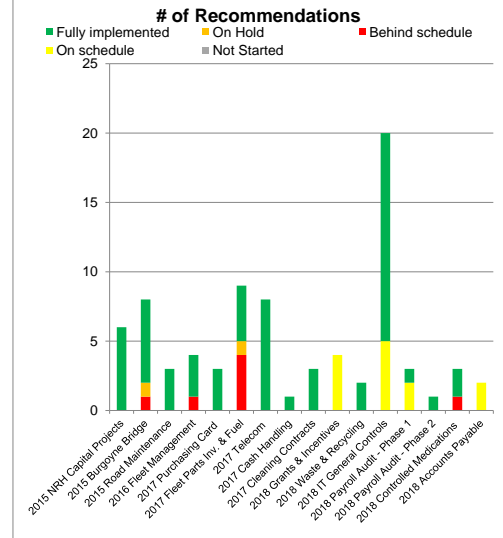
Other on-going projects & activities:

- 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 |

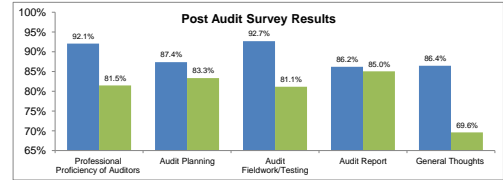


Outstanding Recommendations - current as of August 23, 2019:

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, BEB, 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 |