

Clause 5 in Report No. 1 of the Audit Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on February 15, 2018.

5

Audit Services Branch Report

Audit Committee recommends adoption of the following recommendation contained in the report dated January 16, 2018 from the Director of Audit Services:

1. Council receive this report for information.

(See Clause 8, 9, and 10)

Report dated January 16, 2018 from the Director of Audit Services now follows:

1. Recommendation

It is recommended that Council receive this report for information.

2. Purpose

The report provides an update on the activities of the Audit Services Branch since the last Audit Committee meeting.

The follow-up audit report, Attachment 4, Tables C and D are in private as the original reports to Audit Committee were in private as they dealt with the security of property of the Region.

The Infectious Disease Control Division Audit Report (Attachment 5) is in private as it deals with the security of property of the Region.

3. Background

On October 11, 2000 the Audit Committee approved the development of the Audit Services function through the report of the Chief Administrative Officer. The Audit Committee Charter indicates the Audit Committee is to meet at least twice a year. In practice, the Audit Committee usually meets three times a year to receive reports and updates on the activities of the Audit Services Branch.

4. Analysis and Implications

Audit Plan Execution

The Audit Services Branch has been actively executing the approved 2015-2018 Four Year Audit Plan and other consulting engagements. A summary of the activities since the last Audit Committee meeting is outlined in Attachment 1.

Audit Reports Issued

The Audit Reports issued since the last Audit Committee meeting are:

- Corporate Services – Realty Services Audit Report (Attachment 2)
- Corporate Services – Property Services Building Security Audit Report (Attachment 3)
- Outstanding Audit Recommendations Follow-Up Audit Report (Attachment 4)
- Community and Health Services – Infectious Disease Control Division Audit Report (Attachment 5)

The dates on the audit report are based on the completion of field work. The reports are then presented to Audit Committee once the report has management responses and has been signed off by both management and audit.

5. Financial Considerations

There are no financial considerations associated with this report.

6. Local Municipal Impact

The Audit Services Branch provides audit services to a number of the local municipalities under an Audit Services Memorandum of Understanding.

7. Conclusion

A follow-up of outstanding audit recommendations for audit reports issued prior to September 30, 2017 indicates that management remains cognisant and active in implementing Audit Services recommendations.

Audit Services Branch Report

Audit Services continues to work with Region management at all levels to provide them with an independent, objective assurance and consulting activity designed to add value and improve the Region's operations. Audit Services does this by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes through guidance provided by the *International Standards for the Professional Practice of Internal Auditing*.

For more information on this report, please contact Paul Duggan, Director of Audit Services at 1-877-464-9675 ext. 71205.

The Senior Management Group has reviewed this report.

January 16, 2018

Attachments (4)

8017289

Accessible formats or communication supports are available upon request

York Region
Audit Services Branch Activities

Project Name	Status
1. Corporate Services – Property Services Building Security Audit	➤ Completed
2. Corporate Services – Realty Services Audit	➤ Completed
3. Community and Health Services – Infectious Diseases Control Audit	➤ Completed
4. Follow-Up Audit Report	➤ Completed
5. Corporate Services – Human Resources, Compensation Audit	➤ In progress
6. Finance – Payroll Audit	➤ In progress
7. Transportation Services – Material QA Testing Audit	➤ In progress
8. Transportation Services – Fleet Services Audit	➤ In progress
9. Management Request – Review of IT Licensing/Contracts	➤ Completed
10. Finance – Information Technology Services – Security Audit	➤ Planning
11. Audit Services – Software Upgrade Project	➤ Completed
12. Application implementation review	➤ In progress
13. Forensic Investigations	➤ In progress
14. ITS Governance – Portfolio Management Committee	➤ Advisory role
15. Invoice Scanning and Processing Solution Project – consulting assignment	➤ In progress
16. Continuous Control Monitoring Project	➤ Ongoing
17. Audit Services for the Audit Services Memorandum of Understanding for local municipalities	➤ Ongoing



***Corporate Services – Realty
Acquisitions Audit Report***

August 2017

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1.0 Management Summary

Audit Services has completed an audit of acquisitions administered through the Corporate Services - Realty Services Branch.

The audit was conducted in accordance with the *Institute of Internal Auditors - International Standards for the Professional Practice of Internal Auditing*.

The scope of the audit included a review of the Expropriations Act, Corporate Land Acquisition Policy and other applicable policies and legislation, review of the process for monitoring and estimating accrued interest and a review of the systems used in the acquisitions process.

Additionally, we performed detailed testing on selected sample of acquisitions on behalf of the Region and VIVA projects.

Testing was conducted at a sufficient level of detail to allow us to evaluate the Region's compliance with the applicable regulations and processes.

Overall, the results of our detailed testing indicate that the acquisitions process operates in a manner that is in compliance with legislative requirements and policies and procedures.

Opportunities for internal control improvements were noted and discussed with appropriate management. These improvements relate to the management of acquisitions records, software internal controls, appraiser pre-qualification and the monitoring of accrued interest.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank staff in Corporate Services – Realty Services for their co-operation and assistance provided during the audit.

2.0 Introduction

As part of our Audit Plan, Audit Services performed an audit of realty acquisitions. The Audit Plan, approved by the Audit Committee, is developed by the Audit Services Branch using a Risk Assessment Methodology that helps define the different risks associated with the various processes here at the Region. It is one tool used by Audit Services to assess where best to allocate audit resources.

The Corporate Services – Realty Services Branch serves as a provider for the real estate needs of the Region. This includes, but is not limited to, the acquisition of land for projects, permanent and temporary easements, sites for Regional facilities, and the identification of surplus land.

The Realty Services Branch is also responsible for overall records management relating to all real estate transactions, easements dedicated through developmental agreements and the Region's surplus land inventory.

Acquisitions are guided by the Expropriations Act, and other standards and/or guidelines. For the areas reviewed, we noted that staff had a very clear understanding of the requirements set out through legislation and policies.

Audit Services reviewed the acquisitions processes by assessing compliance to policies, procedures, and the Expropriations Act. Additionally, we performed detailed testing of maintained documents and records for acquisitions.

3.0 Objectives and Scope

The main objectives of this engagement were to ensure:

- Internal controls around the acquisition of Real Property effectively ensure compliance with the Corporate Land Acquisition Policy, the Expropriations Act and other applicable policies and legislation.
- Complete, accurate, and relevant supporting documentation exists for acquisitions.

The audit objectives were accomplished through:

1. Review of the Expropriations Act, Corporate Land Acquisition Policy and other applicable policies and legislation.
2. Interviews with appropriate personnel.
3. Detailed testing of acquisitions to ensure adherence to policies and legislation and determine the effectiveness of internal controls.
4. Review of the process for monitoring and estimating acquisitions settlements and accrued interest.
5. Review of other documentation as required.

4.0 Detailed Observations and Recommendations

4.1 Corporate Land Acquisition and Sale and Disposition of Land Policies Require Review and Update

Observation

Both the Corporate Land Acquisition Policy and the Sale and Disposition of Land Policy require review and update. Both policies were last updated over 5 years ago, on November 17, 2011.

The Corporate Land Acquisition Policy establishes a comprehensive framework to govern the acquisition of Real Property by the Regional Municipality of York.

The Sale and Disposition of Land Policy sets out the principles and procedures governing the sale and disposition of land owned by the Regional Municipality of York.

Recommendation

Due to the growth of the Realty Services Branch and increasing volume of acquisitions since the last policy review, Management should review both policies to ensure that definitions, descriptions, policies and procedures remain relevant and up to date.

Management Response

The Sale and Disposition of Land Policy has been updated by Legal Services with Property Services input. The updated policy will be presented to Council for review and approval in Q1, 2018

Property Services in collaboration with Legal Services will review the Corporate Land Acquisition Policy in Q1, 2018 to determine if an update is required.

4.2 Pre-Qualification of Vendors for Appraisals

Observation

There has been no formal process through the Procurement Office to develop a roster of qualified vendors to perform land appraisals. Appraisers are selected based on the experience and knowledge of staff within the Realty Services branch.

Currently, Property Coordinators within Realty Services manage the appraisers and rotate the appraisal work. At a minimum, three quotes are obtained before awarding any appraisal work. The Property Coordinators are in frequent contact with the Procurement Office to ensure that appraisal work is awarded in compliance with the Purchasing Bylaw.

Recommendation

To help ensure the fairness, objectivity, accountability and transparency of the procurement process, management should complete a formal Request for Pre-Qualification through the Procurement Office to develop a roster of qualified appraisers.

Management Response

Property Services will work with Legal Services and the Procurement Office to develop, issue, evaluate and award a multi-year RFPQ for property appraisers. It is currently estimated that the RFPQ will be awarded by Q3, 2018

4.3 Documentation Management of Acquisition Files

Observation

We selected a random sample of 10 land and 5 VIVA acquisition files for review. The acquisitions were completed as required by processes and legislation. However, we noted inconsistencies in the retained documentation and their method of retention.

Resolved Land Acquisitions

- In 2 of the 10 resolved land acquisition files (20%) reviewed, both the yellow and pink copies of the Document Review Form, which sets out the requirements for land acquisitions, were in the file. The pink copies are required to be sent to Legal for retention.
- In 5 of the 10 files (50%), we were unable to locate either the yellow or pink copy of the Closing Form, which serves as a summary of information once the deal has closed.
- 2 of the 10 files selected (20%) were maintained electronically only. Both the Document Review Form and the Closing Form were not scanned and available with the electronic file.

VIVA Next Acquisitions

- 2 of the 5 files (40%) selected did not contain an Executive Summary in the file.

Additionally, management was unable to provide data required to perform an analysis on all acquisitions to summarize the length of time required for each step of the process to identify potential bottlenecks and opportunities for improvement.

Recommendation

Management should identify critical documents and develop a consistent process for maintaining acquisition files. For example, each file should include a checklist of critical documents to ensure consistency in file maintenance. A checklist and consistent documentation practices mitigate the risk of information loss due to personnel changes responsible for the acquisition.

Management should consider monitoring completion dates for each step of the acquisition process from negotiations to CAO and Council approval. Monitoring this information provides management with the ability to identify bottlenecks and improve the efficiency of the acquisition process.

Management Response

Property Services agrees with the recommendation and will implement the following by Q3, 2018:

- 1) A document checklist on each hardcopy file, which will include date references for when documents are received and distributed for circulation (internally and externally)*
- 2) A filing guideline to instruct staff on which documents are included in the different folders, including digital folders*

4.4 Management continue implementation of MasterWorks to resolve current control weaknesses with the Land Transaction Management (LTM) software

Observation

The LTM software used for documenting acquisitions was developed in 2015 as an interim solution to electronically track acquisitions. The software is only used for realty acquisitions for VIVA projects.

Our review of the system noted the following control weaknesses:

- Editing access to the software is not restricted by user requirements. Access is available to 30-40 personnel across the Region, each with identical access rights.
- The software does not retain a comprehensive audit trail since each edit is overwritten, with only the most recent username and time of edit available.
- No formal policies, documentation or training exists for the LTM system.

To replace the interim LTM software, MasterWorks is a permanent and comprehensive solution for documenting acquisitions electronically, expected to be implemented in 2018.

Recommendation

Since the LTM system is an interim solution being replaced in the near future, we recommend that management ensure the following internal controls are implemented in the MasterWorks system:

- Specific read-only and editing access rights based on job requirements
- Comprehensive audit trail with all editing history available,
- Formal policies and training communicated to all staff requiring use of the system.

Management Response

Read only and edit access rights will be incorporated into the new system (MasterWorks), which will be implemented in Q4, 2017

The requirement for an audit trail will be discussed with DAVS (Subject Matter Expert on software implementation) and Aurigo (MasterWorks Vendor). It is anticipated that by Q1, 2018, staff will know if the MasterWorks software can accommodate an audit trail.

Training and guidelines for use of system to be rolled out in Q4, 2017.

4.5 Accrued Interest Monitoring on Outstanding Acquisitions

Observation

Reporting and Monitoring of Accrued Interest Charges

Outstanding payments on acquisitions are subject to a 6% annual interest charge as per the Expropriations Act.

The Realty Services Branch produces a quarterly accruals spreadsheet for Transportation. The spreadsheet calculates the accrued interest on outstanding properties based on the 6% annual rate. Transportation expenses the interest in the period in which it is incurred.

We confirmed that other clients of the Realty Services Branch, including Environmental and Rapid Transit, do not receive this information reported on a consistent basis. We confirmed with other departments that there is no overall monitoring of this liability in their areas.

Monitoring Accrued Interest Liabilities on Projects

We were unable to identify a consistent process to determine when long-term accrued interest on outstanding acquisitions should be removed from project costs and where the liability should be recorded.

In reality, acquisition settlements may extend a number of years due to various circumstances, including the inability to identify the owner. Our review identified acquisitions accruing interest dating back to 1976.

The Q1 2017 Accruals Spreadsheet maintained by Realty Services identified:

- 44 outstanding properties acquired prior to 1999 have an accrued interest liability of \$228,000
- 110 outstanding properties acquired since 2000 have an accrued interest liability of \$1,655,263.91

We were unable to identify a consistent process across the Region to identify and remove long-term outstanding accrued interest from project costs and monitor this growing liability as a whole to the Region.

Recommendation

The accrued interest spreadsheet produced by the Realty Services Branch should be produced and communicated to all clients.

Management should develop a formal process for monitoring and recording long-term accrued interest, including determining at which point aged acquisitions should be removed from project costs and transferred to a corporate program.

Establishing a formal process ensures that all accrued interest on outstanding acquisitions is accurately recorded and monitored. This will be important as the Transportation Master Plan identifies an increased travel demand in York Region by about 60% by 2041. To support the increased demand, the Region has planned for capital projects, VIVA rapidways, and road widening, therefore, increasing the volume of acquisitions.

Management Response

In Q4, 2017, Property Services initiated a discussion with the Controllershship Office in Finance to determine how outstanding liabilities for acquisitions will be recorded. Input will also be required from Transportation Services, Environmental Services, and the Office of the Budget. It is estimated that an interim recommendation will be prepared by the end of Q2, 2018.

Transaction data not associated with vivaNext will be uploaded on to new MasterWorks system by the end of Q1, 2018. The module to calculate accrued interest is being developed and will be tested and finalized in Q2, 2018, with full implementation targeted for early Q3, 2018.

Original signed by:

Michael Shatil
Director, Property Services Branch

Original signed by:

Dino Basso
Commissioner of Corporate
Services

Original signed by:

Paul Duggan
Director, Audit Services



***Corporate Services - Property
Services Building Security Audit
Report***

September 2016

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1.0 Management Summary

We have completed an audit of Property Services Building Security. Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

We have concluded that overall, there is a sufficient level of internal control in the management of building security. However, we did note a number of opportunities where management controls should be strengthened. There are opportunities to increase the strength of internal controls, or to add internal controls, due to the growing level of security needed in Region offices. Strengthening controls will also allow Property Services to continue responding to security related challenges relating to retrofitting the Region's existing security system hardware and software. Specific opportunities where the Region can better manage risk and further maximize benefits include:

- Developing a business case for in-house security system administration.
- The creation of contracts and service level agreements for alarm monitoring.
- Regular reporting to help ensure the security system is being fully utilized.
- Vendor adherence to contract requirements.
- An increased level of contract administration.

These opportunities are further discussed in the Detailed Observation section of this report. These observations have been discussed with management who has agreed to the observations and recommendations.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank staff in the Corporate Services Property Services Branch for their co-operation and assistance provided during the audit.

2.0 Introduction

Delivery of the building security program is the responsibility of the Property Services Branch (PSB). The Capital Delivery and Operations groups are involved in all new builds and security retrofits to help ensure that building security follows legislation (Ontario Health & Safety Act) and corporate design standards. Once projects are completed, responsibility for the day to day operation passes from Capital Delivery to Operations, specifically Corporate Security and Life Safety. Operations also manages building monitoring by outside vendors, the security guards contract, building and door key management, security card management and the overall systems security software.

In October 2010 the Region was informed by the manufacturer that the Europlex (3GS) security hardware and software would no longer be manufactured or supported. The Europlex (3GS) security hardware had been installed in 87 Region facilities. The result was the Region needing to find an access control and intrusion security system vendor. The procurement process identified Honeywell as the vendor of choice, and their

Integrated Building Management Solution (IBMS) to replace the Europlex security system hardware and software. IBMS is a proprietary hardware and software security system requiring Honeywell to install and commission it for the Region to receive full warranties and support.

In 2016 the following types of projects are in process or on the horizon:

<i>Projects</i>	<i>Number of installations required</i>	<i>Anticipated completion timeline</i>
Environmental Services retrofits	80	2021
Major capital / Major upgrades	47	2020
Property Services budgeted	10	2020 with anticipated future projects

The current security guard services contract is due to expire in November 2016. A new draft contract was being readied for bids at the time of this audit. Audit Services reviewed the draft and recommended changes to management that clarified wording with respect to the evaluation criteria and scoring. Management adopted the recommendation and issued an addendum to proponents.

3.0 Objectives and Scope

AUDIT OBJECTIVES

The objectives of this engagement are to:

- Determine how the processes and standards being used to deliver the security program address security threats.
- Determine if access to Region buildings is limited to authorized employees.
- Determine if employees are aware of and comply with their roles with regards to physical security.
- Determine if the physical security of the Region’s facilities address the requirements of the *Occupational Health & Safety Act, Part III.0.1 Violence and Harassment*.

AUDIT SCOPE

The audit objectives will be accomplished through:

1. An interview with selected individuals responsible for the overall security of the Region’s physical assets.
2. A review of relevant documentation, which may include security standards, branch procedures, contracts, and other such documents that establish management controls over the security process.
3. Attendance at one or more facilities to evaluate physical access controls.

By necessity, our review will require discussions with selected personnel within the Property Services Capital Planning & Delivery and Operations branches.

4.0 Detailed Observations

4.1 Security System Administrators should be employees of the Region and not employees of the Security Guard Services contractor

Observation

In 2010-11 the PSB had a threat, risk, vulnerability assessment performed to identify security requirements. The consultant identified that the outsourcing of security planning and intelligence based assets presented a significant vulnerability to information control and created the potential for various privacy violations. One of the recommendations made by the consultant was to prepare and present a business case to Council for the development of an in-house security management team capability to manage York Region's security efforts. This business case has not yet been created.

Recommendation

PSB management should create and present a business case as part of the 2019 budget process for the development of an in-house security management team capability to manage York Region's security efforts.

Management Response

Property Services is retaining a consultant in the fall of 2017 to perform a security program review which will include this item in their scope of work. Findings will be used to determine the future staffing model of the Security group. The anticipated delivery date of the consultant's report is Q1, 2018.

4.2 A request for tender or request for proposal for monitoring services should be issued and service level agreements and purchase orders assigned

Observation

Property Services has spent a combined \$285,000 for security system monitoring in 4.5 years. We could not locate purchase orders or service level agreements that pertained to these monitoring services.

Service monitoring costs will increase over the next few years. The number of Region buildings being monitored will increase as new and retrofitted security system installations will result in more buildings with the capacity for offsite monitoring.

Recommendation

The 3rd party monitoring of Region buildings is an ongoing program with approximately \$63,000 being spent annually. A request for tender or proposal should be issued and a service level agreement obtained for the vendor(s).

Management Response

Property Services agrees with the recommendation, and will work with the Procurement Office to prepare a multiyear RFP/RFT to include monitoring of security systems, fire systems, elevators, vaccine fridges and other critical systems monitoring. Property Services is targeting the release of RFP/RFT in Q2, 2018.

4.3 Formal processes for key inventory maintenance and security cards should be developed, and consideration given to the use of KeyWatcher for key inventory management

Observation

The Region currently does not have formal written processes for key inventory maintenance and security cards.

1. The Region has a number of key inventories, each for a different purpose:

<i>Type of key</i>	<i>Location</i>	<i>Comments</i>
Keys under the KeyWatcher program	Eight inventories, each inventory is located in their respective W&WW operational area location.	Stores keys to access W&WW operational facilities. Being used in the interim as these locations are being equipped for security monitoring by Property Services. Operationally being monitored by SCADA.
Portable key boxes	Eight inventories, each located in their respective Regional office buildings.	Used after hours when the main key inventories, located in the Security Office 130 Mulock, are locked overnight.
Main key boxes	Three inventories, two inventories are site specific and one inventory containing keys for all other offices except for the previous two sites.	Located in the Security Office at 130 Mulock.

2. There are a number of different types of security cards in use:
 - Regular cards for employees
 - Yellow stripe cards for contractors
 - Green stripe cards for consultants / visitors
 - Orange stripe cards for Long Term Care students

Recommendation

- A. To help ensure key inventories are kept accurate and secure, PSB management should develop formal inventory processes for each key type. Each key-type inventory should address at least:
 - 1. How often the inventory process should occur.
 - 2. Personnel who can authorize the issuance of key inventory.
 - 3. How escalation of issues (shortages / overages) is to occur.
- B. PSB management should also consider the costs / benefits of deploying the KeyWatcher program to help house and control ‘regular’ keys at all or some of the Region’s office building.
- C. Written processes for the creation, use and eventual destruction of security cards should be created.

Management Response

Property Services has already implemented the following as per recommendation “A”.

- 1. A quarterly inventory check procedure of the main keypress has been implemented in Q3, 2017. Portable keypress inventory check is now conducted daily.*
- 2. Only Security Designates (for each Department) may authorize the issue of keys. Associated request and release forms are kept by Corporate Security for tracking and audit purposes.*
- 3. Escalation of key issues (shortages / overages) procedure has been created and implemented in Q3, 2017.*

Property Services has reviewed recommendation “B”. The cost of implementing the KeyWatcher System on a Region wide basis is in excess of \$1M. In light of the processes that were already implemented (see above), it is Management’s opinion that the system’s additional benefits don’t justify these costs.

In response to recommendation “C”, Property Services in collaboration with IT Services have created a new process of requesting and modifying access cards based on the latest security and IT standards. The new process is electronic and web-based via the Portal. The card request form has been launched in September 2017. Property Services currently recycles/repurposes returned security access cards and damaged security cards are destroyed using our current paper shredding provider.

4.4 A report to monitor the arming / disarming of Regional buildings should be developed to help ensure the Region is making use of security upgrades

Observation

A judgmental sample of ten Regional sites with the Honeywell security system arming capability was selected to determine if Region sites were using the arming and

monitoring feature. Of the ten sites selected three of the sites were not arming on a regular basis. One site selected had not been armed in at least 30 days.

If an alarm is not armed at the end of the day, the card reader will note an entry if a security card is used. If a door is forced open, the alarm will note a forced entry, however it will not notify the monitoring company of the forced entry since the alarm was not armed.

Recommendation

PSB management should develop a report and run the report periodically, i.e. monthly or quarterly, to note offices where the alarm is not being armed on a regular basis. Inquiry as to why an office is not arming the alarm on a regular basis should be made to address any issues as to why the alarm cannot be set, or schedule additional training to reinforce the importance of arming at the end of the day.

Management Response

Property Services agrees with the recommendations and will implement:

- *By the end of Q4, 2017, in facilities where a Honeywell security system is installed, generate facility alarming reports that will be shared with management at facilities*
- *By the end of Q4, 2017, review the capability of the 3GS system to generate monthly security system arming reports. If the system is capable of generating such reports, they will be created and shared with Management.*
- *Additional training to staff in facilities where security systems are left repeatedly unarmed. This will commence in Q4, 2017.*
- *Property Services will work with Honeywell to explore the possibility of automatically/remotely arming the security system when there is no activity within the facility.*

4.5 The Security Policy on the Region intranet website should be updated to include all Regional offices and expanded to include important hyperlinks

Observation

The current Security Policy, last updated in August 2002, lists the purpose of the policy to “improve the safety of the staff at the Regional Administrative Centre through limiting access to the building during non-business hours”.

The Region now has a number of sites where access can be limited during non-business hours, and procedures for arming and disarming security software.

Recommendation

PSB management should update the policy to include at least:

- All offices;

- Site specific instructions as hyperlinks to documents to explain the various aspects of the security system;
- Contact information; and,
- Any other information deemed necessary.

Management Response

Property Services will engage a security consultant in fall 2017 to review, assess and update Corporate Security policies and procedures, and create a new Corporate Security Policy for The Regional Municipality of York. Once completed, this policy and procedures will be uploaded to the Portal. The anticipated delivery date of the consultant's report is Q1, 2018 and Security policies will be updated in Q2, 2018.

4.6 Observations noted during attendance at five region sites with recently updated security

Observation

We noted the following observations after touring five recently constructed or renovated Region sites to review the installed building security system:

9060 Jane St.

- There are no vestibules on the 2nd to 5th floor. Card access is required to call the elevator to the 1st floor. A person could follow an employee onto the elevator and make their way to other floors.

To reduce this possibility of this occurrence, employees are made aware of this tactic and asked to keep vigilant. However, in crowded elevators this may become a challenge as there are a high number of employees working on the various floors.

220 High View – Mount Albert South ET, Wells 1 & 2

- The property does not have fencing along the perimeter, nor does it have locking gates for access to the property.

Inquiry with Environmental Services noted that there does not seem to be a set policy, guideline or design standard for fencing on W&Ww sites. Fencing can be used to physically isolate the site for security, but also reduce the risk that a member of the public will access the site and injure themselves, potentially exposing the Region to litigation.

620 Bayview Pkwy

- There is no CCTV for this publically accessible site.

Other

- For W&Ww facilities currently monitored only through SCADA, if SCADA notes an alarm condition such as a 'forced door entry', an Operations Maintenance and Management electrician or mechanic could be sent to the

facility to investigate the alarm. An alarm of this nature could pose a health and safety risk for the Regional employee.

- For all other facilities, if an alarm condition is noted by the monitoring organization, they contact Property Services to inform them of the alarm. Contact information is provided to the monitoring organization. From there, a decision will be made for further steps i.e. police, fire, mobile security visit etc.

Recommendation

9060 Jane St

- PSB management provides on-going training and reminders to staff to keep vigilant of non-employees making their way onto the upper floors without escorts.

220 High View – Mount Albert South ET, Wells 1 & 2

- PSB management work with Environmental Services to develop a guideline or design standard for fencing, and determine if fencing is in order at this site.

620 Bayview Pkwy

- PSB management should revisit the decision to not install CCTV at this facility. This facility should be as secure as other publically accessible Regional offices.

Other

- Property Services work with Environmental Services to create a conditional approach to alarm notifications giving weight as to the type of condition and the time of day. In some cases, it could be prudent for YRP to attend the site before an Environmental Services employee.

Management Response

- 1. Property Services is in agreement with the recommendation and will introduce site specific training in Q4, 2017.*
- 2. Property Services has engaged ENV and we have agreed to formalize a standard for Regional properties which will determine if fencing is required. Development of the standard is anticipated in Q1, 2018.*
- 3. Upon the Annex's completion in Q2, 2020, all staff from 62 Bayview will be relocated to the new building. Once a decision has been made on the future of 62 Bayview, the application of security cameras will be revisited.*
- 4. Property Services agrees with the recommendation, and will work with ENV and other Departments to create a different approach to alarm notifications and responses at facilities that do not have 24/7 security services. This work will begin in 2017 with the hiring of the Security Consultant. The delivery of alarm notification and response protocols is anticipated in Q3, 2018.*

4.7 Supporting documentation for vendor invoices, updating notification of signing authority forms, clarification on authority to purchase, obtaining police screening checks

Observation

1. A review of ten invoices each for Paladin Security, Honeywell and Alfa Security Solutions revealed that supporting documentation such as the commissioning report for new installations is not being included with the majority of invoices.

Without supporting documentation the Region cannot ensure that the correct amount is being paid to the correct vendor at the correct time.

2. The Notification of Signing Authority forms for two individuals responsible for authorizing invoices should be reviewed and updated as both are 4 or more years old.
3. The individual authorizing maintenance work or the purchase of parts from Alfa Security Solutions is not being noted on the invoice on a regular basis. Only designated Regional employees can authorize these activities.
4. Two Alfa Security Solutions service invoices were noted where the individual authorizing the work or to whom the issue was reported is a member of the security system administration team. Security system administration at the Region is a contracted service. The individual is employed by the security guard contractor, not by the Region.
5. The Alfa Security Solutions employee performing the work is not always listed. This should be a requirement of the service report for Alfa Security Solutions maintenance to help ensure that the individual had the necessary vulnerable sector security screening.
6. The Region had requested the contractor to whom was awarded the contract to supply the Region with current and satisfactory vulnerable sector security checks within 10 working days of the award. The checks could not be located.

Recommendation

PSB management should:

1. Ensure that proper documentation is included with all invoice payment requests, i.e. commission report for new installations. As per the Authorization for Payments of Goods and Services, all individuals who have authority to approve expenditures must ensure that the invoice is complete and all supporting documentation is present.
2. Ensure that all Notification of Signing Authority forms are reviewed for completeness and accuracy on an annual basis.

3. For Alfa Security Solutions maintenance and parts contracts, authority to purchase goods and services should not be extended to contractor employees. Work or purchase of parts must be approved by authorized Regional employees. This information should be formally shared with Alfa Security Solutions.
4. Ensure that Alfa Security Solutions provides the Region with the name of the person requesting the work and performing any maintenance work on the service report.
5. Ensure the required police screening is provided by the contractor as per the contract.

Management Response

1. *Prior to approval of the Honeywell installation invoice, staff receives documentation specific to the project including security devices commissioning, as-built drawings and manuals. The individuals with Authorization for Payment of Goods and Services are required to review and determine that all supporting documentation is present before approving final invoice. This documentation is typically quite bulky and it is not practical to attach it to the payment invoice. Due to the bulky nature of the documentation, all supporting documents can be retrieved from Business Services, Property Services and this information will be noted on future invoices.*
2. *Property Services has reviewed all Notification of Signing Authority forms and will do so annually.*
3. *Property Services, in consultation with Procurement, is implementing a process in Q4, 2017 in which purchases will receive written approval from either the Manager or the on-call Supervisor, prior to security employees contacting a vendor to order work.*
4. *Each invoice for Alpha Security is reviewed and includes details of the services performed. Alpha Security is now complying with the recommendation and is including details on who requested the work on every invoice and service report.*
5. *Police screening records for all Alpha Security technicians and Honeywell Security technicians is available and collected by Property Services as of Q3, 2017.*

4.8 PSB should ensure that Alfa Security Solutions abides by the contract requirements for service call reporting and materials billing

Observation

Internal controls created to help ensure accurate billings for parts and work performed are being weakened by not requiring Alfa Security Solutions to abide by contract terms re service call reporting and monthly consolidated invoices. Individual invoices are sent to the Region after the completion of each service request and parts delivery.

As per the Alfa Security Solutions Parts Supply contract Section 2.10 and 2.11, a monthly report summarizing all parts delivered to the Region the previous month is to be

provided at the beginning of the month, and, one consolidated invoice is to be delivered summarizing all parts supplied.

Under the Alfa Security Solutions Service / Maintenance contract Section 2.12 and 2.13, a service report is to be supplied to the Region on a service call per site basis on completion of each service call, and, one consolidated invoice each month is to be provided for all sites serviced.

Payment terms under both contracts allow the Region to withhold payment of invoices in whole or in part where there is a question of non-performance. The Region may also deduct any expenses where additional resources are spent by the Region to rectify the non-performance. Paying each invoice separately reduces potential resources available to the Region should the work not be properly performed.

Recommendation

PSB management should ensure that the vendor follows the contract terms and provide service reports and consolidated invoices.

Management Response

- 1. Property Services has reviewed this recommendation and it is our opinion that one consolidated invoice per month could unnecessarily delay payments if individual invoices are being disputed.*
- 2. Both Property Services and the vendor are in agreement that processing one invoice per service report provides for prompt payments and improved tracking.*
- 3. Property Services has consulted with Legal Services on amending the existing agreement. Legal Services and Property Services will begin making the necessary contract amendments in Q4, 2017. It is anticipated that the contract will be amended by the end of Q1, 2018*
- 4. Alfa Security currently includes service details within the invoice and is now providing separate service reports for each service call.*

4.9 Reclaimed Europlex parts should be maintained as part of a centralized inventory

Observation

A review of reclaimed Europlex security system parts noted the following:

- Reclaimed Europlex parts are manually tracked on a sheet of paper. There is one sheet for each of the three totes stored in the Security Office.
- Bubble wrap, used to house individual parts are not sealed, nor marked for identification of the parts within.
- Parts are removed without a signature from the individual removing the part.
- Inventory is updated by scribbling out the original count and writing in a new quantity number.
- Expiry dates for some parts were 02/11.
- Totes are kept in the Security office, however they are not sealed.

As per the parts contract, Alfa Security Solutions was to work with the Region to establish an inventory process that included monitoring the inventory. Section 2.1 under Special Provision speaks to an initial establishment of inventory, stock review frequency and ordering process. The contractor was to monitor the inventory.

Establishing an inventory process would include inventorying reclaimed parts.

Recommendation

PSB management should ensure that a formal centralized inventory that includes new and reclaimed Europlex parts be established and maintained. This would include:

- Identifying who removed the part and on which job the part was used. This can be subsequently verified to a work order or invoice.
- Housing the inventory in a more secure fashion, i.e. locking lids.

Management Response

Property Services has implemented these changes in January, 2017.

- 1. All parts are fully tested prior to being put into inventory.*
- 2. A sign off and release process has been created.*
- 3. All parts are bubble wrapped, inventoried, and kept in designated containers in a space with security access only.*

4.10 Performance of interviews and security / police checks should be performed and written records kept

Observation

The requirement for interviews with the Region and the collection of police checks are not being performed.

Under the Paladin security guard contract Section 4.7 Shift Training Schedule requires all candidates to submit to a personal interview and screening process to ensure proper aptitude and demeanor in line with Region expectations prior to assignment. We could not find evidence that this was performed by the Region.

This section also exists in the current security guard contract presently being reviewed and bid upon by vendors.

Under the Honeywell contract Schedule 3 – Security Clearance Checks (referencing Article 3.09), we could not find evidence that security clearances were performed.

Under the Alfa Security Solutions maintenance contract Section 1.19 Police Security Clearances, the vendor was to supply the Region with a current and satisfactory vulnerable sector security check performed by York Regional Police within 10 days of contract award for any Alfa employee assigned to work at a York Regional Facility.

Violations of this requirement will be cause for termination of the contract. We could not find evidence that the security checks were performed.

Recommendation

Security Guard contract

PSB management ensures that all interviews and screening process is completed to help ensure proper aptitude and demeanor in line with Region expectations prior to assignment.

Honeywell contract

PSB management should ensure that security clearances are performed.

Alfa Security Solutions

PSB management should ensure the proper police screening is performed.

Management Response

- 1. Property Services will obtain security clearance checks and vulnerable sector screening from all Honeywell and Alfa Security employees and their sub-contractors who are or will be engaged in providing services for the Region. The anticipated delivery date is Q1, 2018.***
- 2. Property Services conducts interviews with key contracted staff to ensure that their aptitude and demeanor are in line with the Region's expectations prior to assignment. Key contracted staff are: the Team Lead and Supervisor positions. Due to the number of security guards' assigned, the frequent turn-over and limited responsibilities of front line security guards, it is not feasible to interview all front line security guards. Clarification will be included in future contracts to only interview Key contracted staff.***

Original signed by:

Michael Shatil
Director, Property Services Branch

Original signed by:

Dino Basso
Commissioner, Corporate Services

Original signed by:

Paul Duggan
Director, Audit Services



***Outstanding Audit
Recommendations Follow-Up
Audit Report***

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1.0 Management Summary

Audit Services has completed a follow-up of outstanding audit recommendations at September 30, 2017. These recommendations are comprised of:

1. Audit recommendations that were noted as ‘not yet completed’ in our previous Outstanding Audit Recommendations Follow-Up Audit Report dated June 2017.
2. Any new audit report recommendations issued up to and including September 30, 2017.

There were 52 audit recommendations originally issued through the nine audit reports currently on our list for follow-up. Management has implemented 81% of these recommendations.

For this Outstanding Audit Recommendations Follow-Up Report, there was one ‘private’ audit report with outstanding audit recommendations requiring update.

For a detailed summary of audit reports followed-up and recommendations issued, completed and outstanding, please refer to section 4.0. Additional detail is available upon request from the Director, Audit Services.

Our follow-up was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

2.0 Introduction

As part of our 2015 - 2018 Audit Plan, which accommodates various types of audit projects, consulting engagements, and follow-up requests from Audit Committee and Management, the Audit Services Branch performed a follow-up of outstanding audit recommendations. These recommendations included those noted as outstanding in our June 2017 Audit Recommendations Follow-Up Audit Report, and all new recommendations issued in audit reports up to and including September 30, 2017.

The Audit Plan, approved by York Region’s (the Region’s) Audit Committee, is developed annually by the Audit Services Branch using a Risk Assessment Methodology that helps to define the different risks associated with the various processes here at the Region. It is one tool that Audit Services uses in assessing where best to allocate audit resources.

On a periodic basis, Audit Services updates the Region’s Audit Committee and the Chief Administrative Officer (CAO) on the status of issued audit recommendations. To provide this update, Audit Services contacts Commissioners and Directors to confirm the status of the issued recommendation(s) relating to their area. In some cases, the status is further validated directly by Audit Services through discussions and / or detailed testing.

This is an integral part of our audit process that allows us to confirm that the opportunities for improvement outlined in the audit report(s) have been implemented.

Department heads were e-mailed requests containing:

1. A summary of outstanding audit recommendation(s) for their area.
2. A request to provide a status update and a confirmation of the original due date for implementation of the recommendation, or a new anticipated implementation date if necessary.
3. As requested by Audit Committee in November 2008, departments having an audit recommendation outstanding that has an original due date older than one year provide Audit Committee with a separate report as to why the recommendation has not been implemented. Management action plans that detail what is being done to implement the recommendation(s) are to be included.
4. Finally, an Executive Sign-off Form, to be signed by the Commissioner and Director responsible for the implementation of the recommendation(s), was also sent.

Audit reports issued after September 30, 2017 will be followed up in the future.

3.0 Objectives and Scope

The objective for this engagement was:

- To provide feedback to the Region's Audit Committee and CAO as to the disposition of issued audit recommendations.

The audit scope to accomplish this objective was:

- All outstanding audit recommendations issued prior to September 30, 2017.

4.0 Detailed Observations and Recommendations

4.1 Detail Summary Statistics for Outstanding Audit Recommendations Followed-Up

- Table A summarizes the outstanding audit recommendations followed-up for this review.
- Table B is a detailed summary of outstanding audit recommendations which were followed-up for this review.
- PRIVATE: Table C summarizes the private outstanding audit recommendations followed-up for this review.
- PRIVATE: Table D is a detailed summary of private outstanding audit recommendations which were followed-up for this review.

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TABLE A – Summary of Outstanding Audit Recommendations Follow-up as at September 30, 2017

Audit Report	Number of opportunities originally highlighted	Completed for 3/31/17	Completed for 9/30/17	Not yet complete	% Not yet complete	Date of Audit Report	Date Reported to Audit Committee
Revenue Management – Other revenue	9	8	1	0	0%	Dec-15	Feb-16
ES – Operation Maintenance and Monitoring	11	7	1	3	27%	Dec-15	Feb-16
FN – Accounts Payable & Procurement	6	5	0	1	17%	Apr-16	Jun-16
TS – Health & Safety on Capital Projects	4	2	2	0	0%	Apr-16	Jun-16
CHS – Housing Capital Repairs	5	1	2	2	40%	Jul-16	Oct-16
ES – MRF Contract Compliance	3	2	0	1	33%	Jul-16	Oct-16
ES – Capital Delivery Process	6	5	0	1	17%	Nov-16	Feb-17
FN – Procurement Card	2	0	0	2	100%	Feb-17	Jun-17
TS – Roads Operations	6	0	6	0	0%	May-17	Jun-17
Totals	52	30	12	10	19%		

TABLE B – Summary of Outstanding Audit Recommendations as at September 30, 2017

Audit Report	Recommendation	Management response	Original due date	Current due date
Revenue Management - Other Revenue	4.1 Transportation Services Transportation Services management should ensure that a detailed process map is created for this function, which can be used as a reference for cross training and for succession planning, and that a resource is assigned to be cross trained in this role.	Done.	N/A	N/A
	4.2 Transportation Services Review the claims process to determine where time can be saved and the process shortened from 304 days to improve the timeline for the recovery of funds.	Done.	N/A	N/A
	5.1 Community & Health Services Funds being deposited should be counted by two people, and the bank deposit slip prepared at the same time. Both individuals should sign the deposit slip as it provides an audit trail.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	5.2 Community & Health Services Should ensure that private information is not included with journal entries and invoice requisitions sent to Finance for processing. In its place, a clearly visible note with the location of why the information was not included and where it could be found should be used.	Done.	N/A	N/A
	6.1 Finance <ul style="list-style-type: none"> • Ensure that supporting documentation is included with invoice requisitions. • Review and update the Collection of Accounts policy to: <ul style="list-style-type: none"> ○ Include the requirement for supporting documentation to help ensure calculations are correct, timely and to the correct client. ○ Make any other updates to the Policy as deemed necessary. 	Done. Done.	N/A	N/A
	7.1 Finance & Environmental Services Put into motion a plan to resolve older recurring journal entries and available funding.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	8.1 Finance Implement the automation of dunning letters to save on valuable resource time and help ensure the negative impacts to cash flow are minimized.	Done. Automated dunning letters implemented effective June 2017. Templated letter developed. Dunning letter are now auto generated on a monthly basis to accounts over 30 days.	N/A	N/A
	9.1 Finance Review the invoice requisition process to determine if the standard five day invoice requisition processing time remains valid, or whether the standard should change.	Done.	N/A	N/A
	9.2 Regional Clerk's Office Should update the Schedule of Fees and Charges in both sections on the intranet.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
<p>Environmental Services – Operations Maintenance & Monitoring</p>	<p>4.1 OMM work with IAM to resolve the noted asset inventory discrepancies.</p> <p>OMM continue updating the protocol used to identify assets needed to be entered into MAXIMO from an asset maintenance perspective.</p>	<p>In 2018 a project will commence to align existing facilities to this Standard. New capital projects will also use this Standard when facilities are built or upgraded.</p> <p>The Section 21 Guideline will be delivered by year end 2017. This report includes assets to be tagged in MAXIMO, standard nomenclature in naming assets, failures codes and defines the process for removing obsolete assets.</p>	<p>Q4 2019</p> <p>Q4 2016</p>	<p>Q4 2019</p> <p>Q4 2017</p>
	<p>4.2</p>	<p>OMM continue with the implementation of an input screen to help in updating the MAXIMO inventory base whenever it changes.</p> <p>OMM should also perform a full inventory of all their MAXIMO assets to establish a baseline of actual assets within each facility.</p> <p>OMM should develop and implement annual inventory verification routines that spot check an acceptable level of asset inventory using ‘book to floor’ and ‘floor to book’ asset verification.</p>	<p>Done.</p> <p>Work continues on Section 21 of the design guidelines to put in place the framework to manage both installed assets and those involved with ongoing expansion or upgrade projects.</p> <p>Done.</p>	<p>N/A</p> <p>Q4 2019</p> <p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.3 Spare parts inventory program create detailed plans and process flows to help ensure that management controls over the inventory are sufficient.</p>	<p>Done. Current manual inventory practices were reviewed and documented. The process ensures there are controls in place to manage inventory levels and costs.</p>	N/A	N/A
	<p>4.4 The backlog listing should be reviewed:</p> <ol style="list-style-type: none"> 1. To determine which codes are required and who may require them. 2. Reiterate to all MAXIMO users the proper protocols for entering a Level code, with particular attention to Level 5 codes. 3. Reiterate to all MAXIMO users the importance of descriptions to help schedule work order assignment to mechanics and electricians. 4. Reiterate to all MAXIMO users the importance of timely resolution of the work – order in MAXIMO. 5. Determine the required work necessary to complete this work order. 	<p>Done.</p>	N/A	N/A
	<p>4.5 Tablets which are not needed by the current user to provide desktop or laptop computer functionality will be reassigned. A redeployment plan will be developed in Q1 2016.</p>	<p>Done.</p>	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.6 For some types of work orders, predominantly level 1 thru 4, a triage system should be piloted to determine if tradespersons could be more effectively and efficiently dispatched to perform their work.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.7 OMM management should continue constructing and finalizing an input page to be used by tradespersons in the field.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.8 Consultants contracted to provide complete and accurate asset information should be held accountable for incomplete and erroneous asset information.</p> <p>Explore the possibility to recoup the cost of having to review and correct any new asset information entered by consultants.</p>	<p>Done.</p> <p>The Section 21 Guidelines will be delivered by the end of Q4 2017. The Guideline does contain clearer definitions and requirements for asset identification and tagging. It also includes a better description of financial remedies. The technology currently used to do the MAXIMO Asset Tagging (MATS) will be updated and replaced to better technology to align with the new Guideline.</p>	<p>N/A</p> <p>Q4 2017</p>	<p>N/A</p> <p>Q4 2017</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.9 OMM management ensures that any future contracts issued for tender follows the Surety Bond Policy and associated procedures.	Done.	N/A	N/A
	4.10 A current, blanket COI should be collected by Finance – Insurance & Risk for the contractor executing the diesel generator maintenance.	Done.	N/A	N/A
	4.11 OMM management should arrange for preventative maintenance to be performed on the portable diesel generators as per the contract with the contractor responsible for this work. Missing documentation should be investigated and collected to help ensure that all equipment is being maintained as per the standards followed.	Done. Done.	N/A N/A	N/A N/A
Finance – A/P & Procurements	4.1 Consider implementing a stamp for departments to use for invoice approval / general ledger coding. Reiterate to staff the requirement for segregation of duties between purchase commitment and payment authority.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.2 Tender Bid Request Form is updated to clarify the requirement for advertising in the DCN.</p> <p>Consider implementation of an electronic procurement filing system to reduce likelihood of misplacing key documents, and, create a more consistent standard file set-up.</p>	Done.	N/A	N/A
	<p>4.3 A formal process be developed to ensure compliance with the policy of annual reviews of designated authorities.</p> <p>Department heads perform annual review of the designated approval authorities and report results to Finance for updates.</p>	<p>Done.</p> <p>Done.</p>	N/A	N/A
	<p>4.4 Compare all NSA forms to purchasing course training records. Where the course has not been attended, a deadline established for attendance. If not attended, the NSA form should be revoked.</p> <p>NSA form should include the requirement for attendance to the purchasing training course and employee statement that the course was attended or scheduled attendance.</p>	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.5 Authorization of Payment of Goods and Services Policy is updated to clarify approval limits for Project Managers, include the segregation of duties between purchase commitment and payment approval.</p> <p>Purchasing Tool Kit be updated to clearly identify the requirement for a purchase order for purchases above a specified dollar limit.</p>	<p>Done.</p> <p>A guideline will be developed to assist staff in identifying the circumstances that warrant the issuance of a purchase order. The Purchasing Toolkit will be updated to include this Guideline. In addition the Authorization for Payment of Goods and Services Policy will be revised to include, as part of the payment approvers responsibilities, the obligation to determine whether or not a Purchase Order is required (in accordance with the requirements of the Guideline) before approving a payment. The policy will also be revised to incorporate the Guideline as a reference document.</p>	<p>N/A</p> <p>Q3 2017</p>	<p>N/A</p> <p>Q1 2018</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.6 Perform a thorough review of the purchase orders identified as having errors and omissions and correct them in the system.</p> <p>Perform an annual review of unused purchase orders beyond a certain age to identify instances where invoices are being processed without being applied to a purchase order or directly to a general ledger account.</p>	Done.	N/A	N/A
Transportation Services – Health & Safety on Capital Projects	<p>4.1 TS – Capital Planning & Delivery ensure H&S documentation is collected as required by the Contractor / Constructor Safety Policy & Guide</p> <p>CS - Human Resources update the Contractor / Constructor Safety Policy & Guide.</p>	<p>Done.</p> <p>Done. Desired changes of enhanced Contractor Safety Program achieved through implementation of the Certificate of Recognition (CORTM) safety program, endorsed by the IHSA, as a requirement on future Regional construction projects with an estimated value in excess of \$150,000. Commencing January 1, 2018 registration to CORTM will be required. Commencing January 1, 2020 certification in CORTM will be required.</p>	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.2 TS – Capital Planning & Delivery ensure that the performance of a field audit is captured in all bi-weekly meetings and followed-up for any future dated resolutions.	Done.	N/A	N/A
	4.3 TS – Infrastructure Management and PMO continue to work towards a workable project file solution.	Done. PMO will be responsible for ongoing training of the Project File Solution.	N/A	N/A
	4.4 Implementation of the CityWorks permit application to reduce the risk of the Region becoming a Contractor through incorrectly issued road permits.	Done.	N/A	N/A
CHS - Housing Capital Repairs	4.1 Management should: <ul style="list-style-type: none"> • Review contract requirements to ensure Schedule C and Schedule A are completed • Implement a process to ensure these and other contract requirements are completed 	Schedule C's are completed for 2016 and 2017 will be completed at year end. Schedule A's are complete and a process has been developed to attach to the Housing Provider's annual reconciliation.	Q4 2017	Q4 2017

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.2 Management should:</p> <ul style="list-style-type: none"> • Ensure that interest is calculated, tracked and reported annually to housing providers • Move forward with the development and implementation of the integrated Housing Solutions software 	<p>Done. Interest has been calculated, tracked and recorded in Schedule A. Housing providers will receive Schedule A as part of the annual reconciliation process.</p> <p>Housing Services continues to support the development of the financial module of the Integrated Housing Solutions software.</p>	<p>N/A</p> <p>Q3 2018</p>	<p>N/A</p> <p>Q3 2018</p>
	<p>4.3 Management develop and implement formal policies and procedures for the administration of the loan program. This program should include interest tracking and management.</p>	<p>Done. Process mapping and sign-off procedures reviewed and documented.</p>	<p>N/A</p>	<p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.4 Management should:</p> <ul style="list-style-type: none"> • Ensure housing providers selection process is in compliance with the provincial requirements for future programs • Develop / implement a formal process to ensure the reporting requirements for provincial flow through fund programs are met and in compliance with the Transfer Payment Agreement • Consider drafting a tenant waiver agreement to ensure access to the required electrical billing and usage data • Ensure the draft agreement with housing providers captures the applicable reporting requirements and consider including a clause in the agreement to grant Region access to electrical information on their behalf • Determine the frequency of collecting this data 	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.5 Management should develop a formal policy and process document for the administration of the government flow through funding programs.</p>	<p>Done. Process mapping and sign-off procedures reviewed and documented.</p>	<p>N/A</p>	<p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
Environmental Services – MRF Contract Compliance	<p>4.1 Subsequent revisions to the operating agreement require 30 days written notice of cancellation to coincide with the standard insurance requirements for the Region.</p>	On target for Q3 2020.	Q3 2020	Q3 2020
	<p>4.2 To assist the Region in ensuring the facility is operating in compliance with the operating agreement:</p> <ul style="list-style-type: none"> • Include a three month rolling average for rear-load compaction tonnage to the spreadsheet used to monitor gate-to-gate times, loading times, and rear-load compaction. This would help in timely identification if minimum tonnage is not being achieved, or trending unfavourably. • Update the monthly averages spreadsheet to document reasons for unfavourable variances. Historical references can assist in identifying and correcting any future unfavourable variances. • Implementation of a checklist for use by cleaning personnel to ensure all items are performed as per the operating agreement and documented. 	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.3 The Contractor submits completed and signed due diligence questionnaires with their monthly invoices for applicable buyers that month.	Done.	N/A	N/A
Environmental Services – Capital Delivery Process	4.1 A process should be implemented in the capital delivery process to ensure that insurance certificates are project specific and fulfill RFP requirements.	Done.	N/A	N/A
	4.2 A formal project document tracking sheet should be developed and included with each project file to help ensure that the locations of critical documents can be determined if necessary.	Done.	N/A	N/A
	4.3 Management review documentation requirements in the capital delivery process for opportunities to eliminate redundancies.	Done.	N/A	N/A
	4.4 Management continue to complete the lessons learned for capital projects and transfer this data into the Historical Information and Lessons Learned (or applicable database) in a timely manner.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.5 Management should develop and require the use of a standard template for actively monitoring purchase order and change order costs to assist project managers in identifying and correcting any issues in a timely manner. A standard template eases the transition when a project in progress is transferred between project managers.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.6 Management implement a formal ongoing audit process that identifies and assesses compliance with the current Capital Delivery Process.</p>	<p>To date, the formal audit program has focused on critical outputs generated during the delivery of projects with respect to compliance and business needs of stakeholders. This phase is complete. The next phase of the formal audit program will focus on compliance with key management process areas, specifically schedule management and financial controls.</p>	<p>Q4 2017</p>	<p>Q4 2017</p>
<p>Finance - Procurement Card</p>	<p>4.1 Management should ensure the procurement card (PCard) policy is formally approved by Council. Once approved, management should ensure the PCard procedures are finalized and formally communicated to staff.</p>	<p>Policy approved by Council May 2017.</p> <p>Guidelines for use of PCard are in process of being developed.</p> <p>Upon finalization, guidelines will be communicated to staff.</p>	<p>Q3 2017</p>	<p>Q1 2018</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.2 Management should continue to automate the PCard process to improve the control environment and increase efficiencies where possible, including the automation of the monthly reconciliation and approval process.</p> <p>Management could consider procuring an external consultant for assistance in the development and implementation of the automation process where internal recourses are limited.</p>	<p>Online PCard application and change request forms available and in use effective January 2017.</p> <p>Procurement for an enhanced PCard reconciliation tool is in progress and on track for Q4 2018.</p> <p>New tool functionality will include ability to scan and digitize receipts, online workflow for review and approval, and ability to flag exceptions to business rules.</p>	Q4 2018	Q4 2018
Transportation Services – Roads Operations Audit	<p>4.1 Management should develop and assign ownership of an annual review process to ensure the Salt Management and Winter Operations Plans continue to be applicable and remain in compliance with the review requirements.</p> <p>Reviewed plans should be signed-off and have the “draft” watermark removed.</p>	<p>Done. Updated Standard Operating Procedure (SOP) May 31, 2017.</p> <p>Salt Management Plan and Winter Maintenance Plan were updated for 2017, and approved by Roads Operations Manager August 2017.</p>	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.2 Management should implement a process to ensure that daily patrol records are complete and signed-off.</p>	<p>Done. Patrol SOP updated to specify requirement for 10 day sign-off of each patrol sheet by Supervisor. Finalized by May 31, 2017 and reviewed with Supervisors.</p>	N/A	N/A
	<p>4.3 Management should consider the feasibility of implementing a process to identify and document all potentially claims related minor repairs on a single work order at the end of each shift.</p>	<p>Done. Deficiency documentation requirements by patroller added to Patrol SOP, finalized May 31, 2017.</p>	N/A	N/A
	<p>4.4 Management should develop a formal calibration record for use by all districts to document details of calibration testing for both Region and Contractor trucks. The document should identify the date and specific application rates as tested.</p> <p>Formal calibration testing should be performed at the beginning of each season, and once mid-season, to ensure compliance to the requirements set out in the Salt Management Plan.</p> <p>Records of calibration testing should be forwarded to each district's Operations Technologist at 90 Bales and a formal document maintenance standard should be developed for record-keeping.</p>	<p>Calibration SOP created and finalized May 31, 2017. Requirement is to have first of two seasonal calibration sessions completed and filed at 90 Bales by December 31.</p>	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.5 Management should establish a formal process and assign responsibility for the annual collection and maintenance of training certificates from winter maintenance contractors for the non-Region provided courses required in the Winter Maintenance Operations Plan.</p>	<p>Done. Winter Contractor Training SOP created and finalized May 31, 2017. Requirement is to have training documentation filed at 90 Bales by December 31.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.6 Management should formalize the process for using the reflectometer for sign inspections and develop a standard format of record keeping across each district for regulatory and warning sign inspections to ensure full compliance with Ontario Regulation 239/02 Sections 11 and 12.</p> <p>Management should investigate the feasibility of Cityworks functionality to develop formal record keeping, improve monitoring and produce exception reports to identify missing data and impending inspection due dates.</p>	<p>Done. Retro reflectivity documentation requirement Sign Inspection SOP, finalized by May 31, 2017. Requirement is to District Managers to ensure compliance and proper documentation by December 31.</p>	<p>N/A</p>	<p>N/A</p>