

Clause 1 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 26, 2015.

## Audit Services Branch Report

### 1. Recommendations

It is recommended that this report be received for information.

### 2. Purpose

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

### 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 updates on the activities of the Audit Services Branch.

### 4. Analysis and Options

#### Audit Plan Execution

The Audit Services Branch has been actively executing the approved 2012-2014 Three Year Audit Plan and other consulting engagements. A summary of the activities since the previous Audit Committee meeting is outlined in Attachment 1. A new Audit plan for 2015-2018 is being presented to Audit Committee and Council at Audit Committee on February 12, 2015 and Council on February 26th, 2015.

#### Audit Reports Issued

The audit reports issued since the last Audit Committee meeting are:

## Audit Services Branch Report

- Corporate Services – Court Services Audit Report (Attachment 2)
- Transportation Services – Roads Capital Delivery: Audit of Contract 10-103 (Project #9712 – Stouffville Road) (Attachment 3)
- Outstanding Audit Recommendations Follow Up Audit Report (Attachment 4)

### 5. Financial Implications

None.

### 6. Local Municipal Impact

None.

### 7. Conclusion

A follow up of outstanding audit recommendations for audit reports issued prior to December 31, 2014 indicates that management remains cognisant and active in implementing Audit Services recommendations.

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, 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 Practise of Internal Auditing*.

For more information on this report, please contact Paul Duggan, Director, Audit Services at 905-830-4444 ext. 71205.

Attachments (4)

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Accessible formats or communication supports are available upon request

## YORK REGION AUDIT SERVICES BRANCH ACTIVITIES

Project Name	Status
1. Corporate Services - Court Services Audit Report	➤ Completed
2. Transportation & Community Planning – Roads Capital Delivery: Audit of Contract 10-103 (Project #9712 – Stouffville Road)	➤ Completed
3. Outstanding Audit Recommendations Follow Up	➤ Completed
4. Audit Services Risk Assessment and Audit Plan Development	➤ Completed
5. Management Request - Review of Water Billing and Metering	➤ Completed
6. Management Request – Property Services Review	➤ Completed
7. Management Request – Human Resource Services	➤ Completed
8. Management Request – YRRTC Review	➤ In progress
9. Management Request – POA Courts Review	➤ In progress
10. Management Request – Property Services Expenditure Review	➤ In progress
11. Various Fairness Monitoring Projects	➤ In progress
12. Forensic Investigation	➤ In progress
13. Steering Committee – HRIMS and Payroll Review	➤ Advisory role
14. Member – Corporate Mobile Strategy Working Group	➤ Advisory role
15. ITS Governance – Portfolio Management Committee	➤ Advisory role
16. York Region Audit Services staff volunteer their time and collectively hold the following positions: <ul style="list-style-type: none"> <li>• Chair, Treasurer and Director of the Canadian Association of Local Government Auditors</li> <li>• Member, Association of Local Government Auditors Association Awards Committee, Nomination Committee and Advocacy Committee</li> </ul>	➤ Volunteer Association work



***Corporate Services – Court  
Services Audit Report***

***May 2014***

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## 1.0 Management Summary

We have completed an audit of the operational processes at the Corporate Services – Court Services. Our review looked at processes capturing revenue, and cash controls at the two locations in York Region (Newmarket (The Tannery) and Richmond Hill (50 High Tech Rd). Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

We have concluded that overall, controls are adequate however we have identified some opportunities for improvement over the processing and collection of Provincial Offenses Act (POA) and other type fines. Court Services management has been very co-operative and is currently addressing, or planning to address areas where internal controls require improvement. These improvements include taking advantage of electronic ticketing to improve the timeliness and accuracy of tickets getting into the ICON system, clearing reconciling items on the bank reconciliation on a timely basis, improvements to cash controls, timely actioning of the “Request for Trial Not Processed Over 120 days” report, and reconciliation and supervisory review of ticket control.

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 appreciates the co-operation and assistance provided by Court Services - management and staff.

## 2.0 Introduction

As part of our Audit Plan, the Audit Services Branch performed a review of the processing of POA fines processed through the ICON application at the Court Services – North (Newmarket), and South (Richmond Hill) offices. Court Services was last audited (North location only) in 2010. The Audit Plan, approved by the Audit Committee, is developed annually by the Audit Services Department 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 locate audit resources.

Starting in late 2013, red-light cameras were installed, and POA courts now collect these fines. The photos and ticketing are administered by the City of Toronto which is contracted out by York Region Transportation Services.

Court Services has historically experienced a high growth rate in fines processed and collected. When Court Services was downloaded to the Region in 1999 the Ministry of the Attorney General (MAG) recommended an annual workload ratio of 5,000 charges per Court Administration Clerk. The ratio reflected the heavily paper-based nature of the program and gave an indication of the clerical workforce required to move the cases through the system to maintain timely and accurate processing. The number of charges filed for 2013 is down from the last audit performed in 2010.

2010: 163,608 charges filed, 9259 charges per Court Administration Clerk

2013: 144,617 charges files, 7611 charges per Court Administration Clerk.

This represents a 12% decrease in charges filed from 2010.

### **3.0 Objectives and Scope**

The objectives of this engagement included:

- Ensuring that controls over cash receipts and reconciliation to the accounting system are adequate to ensure that revenues are complete.

The audit objectives were accomplished through:

1. A review of the cash receipts processing and collections.
2. Interviews with appropriate personnel.
3. Detailed testing and review of related documentation.

## 4.0 Detailed Observations

### 4.1 Cash Controls Require Strengthening

#### Observation

Observation of cash opening and closing procedures and review of the “Cashier Responsibilities” part of the training manual revealed the following:

- The manual does not address cash handling policies and procedures to minimize the risk of misappropriation
- Purses are at workstations while the daily cash deposit is being prepared
- Cameras in the payment area are not adequately positioned to ensure that review of the footage would be of assistance in the event of loss of cash
- The single combination safe does not have a camera on it to ensure that the footage is available in the event of loss of cash.

#### Recommendation

To strengthen controls over cash, we recommend the following:

- Update the training manual to include cash handling controls (such as physical access controls, location of purses, monthly surprise cash counts) and review with staff to ensure that they are understood by all parties
- Install/reposition cameras to adequately view cashier tills and safes
- Consider enhancing controls around large cash payments to minimize the risk of loss by immediately double counting and depositing in the safe, or not accepting cash payments in excess of a certain amount.

#### Management Response

Management agrees with the recommendation.

Management will review and implement all cash handling controls and procedures including the handling of large cash payments as recommended by audit, and document these controls in the training manual.

Management will review with staff on these procedures regularly to ensure that the procedures are understood and followed.

Management is working with Corporate Security within Property Services Branch to determine the feasibility of installing cameras as well as other cash control measures with a planned implementation of the solution by the end of the 4<sup>th</sup> quarter, 2014.

#### Expect completed dates:

Update training manual on controls: Q3, 2014



Cameras and or cash control measures: Q4,2014

#### **4.2 Reconciling Items not Cleared on a timely basis**

##### **Observation**

Review of bank reconciliations for 2013 indicated that there were 2 reconciling items (\$6,447.17 – December and \$179.32 – March) which had not been cleared. Timely investigation and clearing of reconciling items ensures that any issues are identified promptly.

##### **Recommendation**

Monthly review of the bank reconciliations by the Manager – Business Operations should include ensuring that reconciling items are clearing on a timely basis (within one month).

##### **Management Response**

Management agrees with the recommendation. The Manager, Business Operation will ensure that reconciling items are cleared on a timely basis."

Expected completion date: Q3, 2014

#### **4.3 Request for Trial Not Processed Over 120 Days” Report not Actioned**

##### **Observation**

Review of the November 2013 “Request for Trial Not Processed Over 120 Days” (RICO 4500) report showed that 626 cases were outstanding. Three hundred and fifty-three cases (56%) related to 2013 for the Richmond Hill office. Once this was brought to the attention of management, they began review of the November 2013 cases. As a result, 87 cases were convicted, and 312/353 (88%) of the cases were withdrawn. This resulted in lost revenue.

The purpose of this report is to ensure that requested trial dates are set on a timely basis. If a defendant does not make it to court within a reasonable period of time, they can put forth a Charter Motion due to delay in the administration of justice which may result in the item being thrown out of court. In order to process the items on the report, the original tickets and other

documentation needs to be retrieved, attached to the report and passed to the Senior Counsel and Supervising Prosecutor who determines whether the item is given a trial date or is withdrawn/dismissed. Timely review and actioning of this report helps to ensure that trial dates are set within a reasonable period.

### **Recommendation**

The Manager, Court Administration should assign an individual to regularly work on the RICO 4500 report. The report should be reviewed and signed off by management monthly, to ensure that trials are set on a timely basis.

### **Management Response**

Management agrees with the recommendation.

Court Administration Supervisors will review and sign off on the RICO 4500 report on a monthly basis.

The original information and tickets outstanding on this monthly report will be pulled. They will be forwarded promptly to the Senior Counsel and Supervising Prosecutor at each court location respectively to determine whether the items would be given trial dates.

Court Administration management shall maintain final control over trial settings by reviewing all items on a monthly basis.

Expected Completion date: Q3, 2014

## **4.4 Ticket Control Controls Require Strengthening**

### **Observation**

Review of the Ticket Control reconciliation process and testing revealed the following:

- Electronic ticket zip files sent to Critical Control (3<sup>rd</sup> party ticket processor) for entry into the ICON system were deleted in error at the Richmond Hill office during the week under review
- No retention policy for these files has been created
- There is no supervisory review of the Ticket Control reconciliation to ensure accuracy
- Ticket Control reconciliation did not include verification of the number of tickets per the control listings to the zip file sent to Critical Control to ensure completeness of the tickets sent

### **Recommendation**

The Manager, Court Administration should update policies and procedures over Ticket Control to include:

- Supervisory review and sign-off of the Ticket Control reconciliation
- Controls to ensure that zip files cannot be inadvertently deleted
- A data retention policy for the zip files sent to Critical Control
- Updating the reconciliation procedures to include comparison of the Control List Summary totals, to the Certificate Control Lists and the zip file totals sent to Critical Control

### **Management Response**

Management agrees with the recommendation.

Data File control and retention policy will be maintained as per Court Services and Regional policy.

Management will develop new procedures for a complete reconciliation on all reports total.

Management will continue to ensure that reconciliation is performed daily, with the appropriate management sign off on all reconciliations as acceptance.

Management will update all new policies and procedures on manual.

Expected Completion Date: Q3, 2014

## **4.5 Further Automation of Ticket Processing**

### **Observation**

Use of electronic ticketing has increased since the last audit, however the process of getting the tickets into the ICON system is still manual in nature, which is costly and time consuming. Currently, tickets are issued both electronically (67% for 2013) and manually (33% for 2013) and are to be submitted to the POA Courts office by police officers within 7 days of ticket issuance. They are then printed out and scanned into a file which is sent to Critical Control. At Critical Control, they print out the tickets and manually key them into a file which is uploaded by the province to the ICON system. This whole process can take up to 6 weeks from the time a ticket is issued, and the cost for keying the tickets for upload to the ICON system by Critical Control is 45 cents per ticket, averaging \$5,000 per month for both locations.

### **Recommendation**

The Manager, Court Administration should investigate (and implement if possible) the use of technology to electronically process and upload electronic tickets to the ICON system without the use of Critical Control. This would improve the accuracy and timeliness of tickets getting into

ICON, eliminate the need to reconcile ticket submissions to Critical Control and the cost of the service to key tickets for upload to the province.

**Management Response**

Management agrees with the recommendation.

Court Administration Management has already commenced the process in reviewing the workflow on e-ticket electronic upload to ICON.

We have received the electronic ICON file format template from the Ministry of Attorney General, and have approached the York Regional Police and Regional Information Technology (I.T.) for assistance.

Our completion date, however, depends on resource availability in other organizations and Region I.T. branch.

Expected Completion Date: Q4, 2014

**4.6 Fireproof Cabinets not Utilized for Files**

**Observation**

The filing cabinets used are not fireproof as required by the POA Financial Guide, Section 14. In the event of a fire, critical documentation would be lost.

**Recommendation**

The Manager, Court Administration should purchase and use fireproof cabinets to maintain files.

**Management Response**

Management agrees with the recommendation.

Management had requested Property Service Branch (PSB) to install fireproof filing cabinets at both court locations as priorities.

These items have been included in the Property Services Branch capital budget for Court Services Branch in 2015, however at this point the installation timeframes will be determined through the annual budget review process.

Expected completion date: Q4 2015 by PSB based on budget review approval

*Original Signed by:*

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**Denis Kelly**  
**Acting Commissioner Corporate**  
**Services**

*Original Signed by:*

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**Norman Scarratt**  
**Director Court Services**

*Original Signed by:*

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**Paul Duggan**  
**Director Audit Services**



***Transportation Services – Roads Capital  
Delivery: Audit of Contract 10-103  
(Project #9712 – Stouffville Road)***

**June 2014**

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## 1.0 Management Summary

We have concluded an audit of one recently completed Transportation & Community Planning (TCP) Roads Capital Delivery project. The Design and Construction for Project 9712 – Stouffville Road was reviewed to identify process gaps in the capital delivery process.

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

We have concluded that the TCP – RCD process is effective in delivering roads capital projects; however management controls over the design and construction phases of a project are inefficient, and require management attention. As a result, the economy (or minimization of resource costs) suffers. Opportunities exist in the use of collaboration and project management applications, currently also employed in other areas of the Region, which would automate a large portion of the reporting of construction activity on a number of levels. The use of software applications would free resources to other more important tasks, and improve management controls and reporting capabilities. Better feedback mechanisms could also be implemented to help ensure there is continuous improvement over the delivery process.

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 TCP – RCD, Environmental Services, Finance – Insurance & Risk Management and Corporate Service - Legal for their co-operation and assistance provided during the audit.

## 2.0 Introduction

The TCP – RCD program is responsible for the construction of roads that:

- provide safe, accessible mobility systems that prioritize pedestrian cycling connections, public transit and streets;
- support all modes of transportation including walking, cycling, transit, automobile use and the efficient movement of goods; and
- plan and protect for future urban and rural streets to accommodate transportation demands.

The process in delivering a road capital project is complex. There are a number of overlapping activities to be co-ordinated and in-field situations that must be resolved, usually within short order. It is these complexities that stress existing management controls.



To help guide the design and construction activities, the RCD Branch has developed toolkits to be used in delivering a project. These toolkits are fairly detailed and serve as a backbone to the delivery methodology. It supplies templates for a number of activities, and key documents developed specifically for monitoring and controlling projects. Some of these documents were used during the course of our audit to determine compliance to the overall delivery methodology.

The recently completed road widening on Stouffville Road from Highway 404 to McCowan Road (Project 9712) was selected for examination of the design and construction process. The project’s design phase began in 2008 and construction began late 2010, with completion scheduled mid-2013.

The contract was awarded for a cost of \$22,860,038. Based on the most recent payment certificate Audit Services estimated the actual cost to build at:

Source	Amount	Description
Bid document	\$ 22,860,038	Submitted by contractor
less:		
Items not used	(317,027)	As per payment certificate #32
Adjusted bid document	<u>22,543,011</u>	<b>A</b>
add:		
Change orders	717,548	Net of Bell and Whitchurch-Stouffville work
Credits / deductions	133,944	Mostly asphalt cost adjustment
Insurance premium	156,025	As per Finance
Adjusted cost	<u>\$ 23,550,528</u>	<b>B</b>
Adjusted cost – Adjusted bid	<u>\$ 1,007,517</u>	<b>B-A</b>
Percentage increase over bid	4.5%	

There were a number of opportunities for improvement identified during our audit. Most of the opportunities would be resolved with the creation of a Project Management Office (PMO) and using software applications specifically designed for project management and collaborative efforts.

### **3.0 Objectives and Scope**

The objectives of this engagement include:

- Determining if the selected Roads Branch capital project was completed using a process that is sufficiently robust to allow for the efficient, effective and economical delivery of Roads capital projects; and
- Determining whether work performed by and payments to contractors were in accordance with the contract provisions, industry practices and Region policies and procedures for roads capital projects.

The audit objectives will be accomplished through:

- An examination of project documents, invoices and other supporting documentation, including change orders from the inception of the contract to date. Testing at a sufficient level of detail will be completed to allow us to identify risks and evaluate the effectiveness of controls in eliminating / reducing associated risks and adherence to the terms of the contract.
- Discussion with selected Region management and staff associated with the delivery of the Roads Branch capital projects.

## 4.0 Detailed Observations

### 4.1 Automation of the payment certificate process in the capital delivery process can provide significant benefits

#### Observation

A review of the preparation of monthly payment certificates for Project 9712 revealed a tedious and completely manual process. Data collected from daily construction activity cannot be used for analysis or reporting without a high level of additional manual effort.

Daily construction activity is collected and manually recorded at a number of points. A Daily Site Inspection Report is manually completed by the Site Inspector (SI) and submitted during the course of the month to the Construction Administrator (CA). At the end of the month the CA reviews each daily report and transcribes the items or portions of items used into a MS Excel workbook which is compiled of Quantity Sheets, which populates the Payment Certificate.

The CA can spend two to six hours a month entering data from the site reports and investigating any unclear daily report entries. Any comments noted by the SI on the daily reports are not entered into the workbook, resulting in potentially valuable information for future projects being forgone and lost if the daily report is misplaced.

To maintain a running balance of items used in the project construction to date, the Payment Certificate for the current month is a copy of the previous month, with columns within the spreadsheet manipulated to prepare the file for the current month's entry.

The Payment Certificate also serves the purpose of providing the Project Manager a running balance of funds expended to date. The information, however, is not presented in such a way so that the Project Manager is quickly alerted to any emerging issues.

If, in the transcribing process the CA enters a quantity used amount in the wrong cell, an incorrect payment can be made to the contractor, the discovery and impact of which may or may not be noted during the course of the project.

#### Recommendation

RCD should explore the benefits of automating the collection of project construction data at the field level and through the use of tablets and cellular data transmission uploading of the data to the Region. The data can then be automatically manipulated to prepare payment certificates and provide all levels of RCD management with up-to-date information from which decisions can be made.

**Management Response**

AGREED

The process of documenting construction work and quantities used, incorporating the data into payment certificates and reconciling the total quantities/costs at total performance needs to be reviewed and automated through technology.

The Project Management Office (PMO) (see item 4.3), will be tasked to complete a comprehensive review of current construction contract administration and inspection practices, review industry best practices and review technology options to increase accuracy and efficiency.

This review will lead to recommendations for short, medium and long-term improvements to this area of project delivery.

The review will be completed by Q3 2015.

Recommendations will be budgeted and programmed for implementation in 2016.

**4.2 Using the Microsoft applications of SharePoint, Project Server and Essentials in the roads capital delivery process can provide a significant amount of benefits**

**Observation**

There is no project management application being used to centralize project documentation or house financial information relating to project delivery for management reporting purposes. Various stand-alone software products such as Excel, PeopleSoft and Microsoft project are being utilized, however none of these individual applications communicate with each other.

An attempt to locate the key design documents for the design stage of the project reviewed failed to find the final 30%, 60% and 90% detailed design review working papers. These key documents track the progression of the project design components and record issues and resolutions encountered during that period. At the end of each stage, there is a sign-off from the various parties involved to formalize the work performed and the commencement of the next step.

Further inquiry indicated that, in general, project related documents could be found in paper format, on a local C: drive, on the LAN, or, in eDOCS.

**Recommendation**

The Region currently employs the use of the Microsoft products SharePoint, Project Server and Essentials to deliver a variety of projects in various areas of the organization. The software is

supported by Information Technology – Services Branch. RCD management should explore the use of each of these applications in the delivery of projects to provide:

- a. One central location for the delivery team to house and track all project related documentation.
- b. The financial and management reporting requirements necessary in the delivery of projects.

#### **Management Response**

AGREED

The PMO will lead the modernizing of project management and documentation practices.

An assessment of the TCP project management needs will be completed by Q4 2015

Implementation of the system will be budgeted and programmed for implementation in 2016, provided that systems/software currently used by Regional staff are recommended for TCP.

### **4.3 Creation of a Project Management Office (PMO) to oversee the RCD portfolio**

#### **Observation**

There is no PMO to oversee the RCD project portfolio. As per the 2013 Capital Budget Book, the RCD 10-year capital plan calls for \$1.4 billion in projects that include; building 266 lane kilometres of new arterial roads, resurfacing 700 kilometres of Regional roads, rehabilitation of 100 bridges and culverts , replacing three bridges, 17 intersection improvements, and other projects.

Some of the benefits of a PMO include:

- All project costs and timing of deliveries are followed closely; senior management and the project team are alerted when cost related issues begin to arise, or timelines begin to slip.
- Documentation and practices can be more formally standardized; all necessary project documentation is completed as per the toolkits, and can be relied upon should a future need arise.
- Allow the management of all roads capital projects focused on investments and results. Individual project management is more focused on individual project deliverables.

#### **Recommendation**

CRD management consider the creation of a PMO to help ensure:

- An increased level of management in project costs and timing;
- An increased level of controls over project related documentation; and
- Provide for a higher level of governance in infrastructure investments.

### **Management Response**

AGREED and completed.

Transportation and Community Planning has created a Project Management Office (PMO) as part of the June 2014 departmental reorganization. The PMO will be responsible for:

#### Portfolio and Project Planning

- Prioritization and programming
- Business case development

#### Portfolio Management and Project Governance

- Project initiation
- Project delivery planning, monitoring, reporting and recovery
- Project management processes and procedures from inception to closeout
- Project Management systems (technology integration)
- Standards, specifications and quality assurance

#### Continuous Improvement

- Contractor/Consultant performance improvement
- Project team training and development

#### **4.4 Updating Contract General Conditions wording relating to payroll burden, and developing a ‘contractor payroll burden rate’ administration process to ensure proper review and tracking of contractor payroll burden rates being charged for Time & Materials projects**

### **Observation**

#### ***General Conditions Section 16.4 r) needs updating***

The payroll burden rates paid by the Region for Time & Materials work have not been updated for at least 10 years. Current rates are 26% for road work, and, 30% for structure work.

Periodic review and adjustment of these rates, if necessary, would help to ensure that the Region stays current with contract payroll burden rates.

#### ***General Conditions Section 16.4 s) needs updating***

Our review of a number of contractor submitted requests for a higher payroll burden rate indicated that there may be confusion as to what constitutes an independent auditor.

This section should be clarified as to what constitutes an independent auditor. This helps to ensure that the work performed can be relied upon to reflect accurate payroll burden rate requests.

***Formalizing the process to administer higher payroll burden rates requested from contractors***

There is no formal process for the collection and review of payroll burden rates submitted by contractors working on capital projects.

The contract for Project 9712 stipulates that contractor payroll burden rates for Time & Materials would be limited to 26% for road work, and 30% for structural work. The contract also allowed for higher rates if the contractor supplied audited statements indicating a different payroll burden rate should be used.

A review of Change Orders relating to Project 9712 revealed that a payroll burden rate of 63% was being used by the contractor to bill Time and Materials. Audited statements had been submitted by the contractor; however there was no formal review and acceptance of the audited statements.

Further inquiry into contractor burden rate calculations submitted by contractors revealed a range of 26% to 90%. None had been formally reviewed, and various formats for the submissions were noted.

Audit Services also noted that Environmental Services was experiencing similar payroll burden processing issues.

A formal review of submitted payroll burden rates would help to ensure that all necessary supportive requirements have been met.

**Recommendation**

***Corporate Services – Legal update the following sections:***

- General Conditions Section 16.4 r) be reviewed and updated, if necessary.
- General Conditions Section 16.4 s) is updated to include that the independent auditor must be publically licensed and listed on a Public Accounting License Directory.

***Formalizing the process to administer higher payroll burden rates requested from contractors***

TC&P – RCD, in conjunction with Environmental Services, develop and implement a formal payroll burden rate review process to ensure acceptable documentation is submitted from an acceptable source, and an acceptance letter is issued to the contractor to allow for the requested burden rate for a predetermined period of time.

**Management Response**

COMPLETED

#### 4.5 Finance should finalize the Draft Capital Projects Closure Policy

##### Observation

The Region currently does not have a formal capital project closing policy.

This issue was originally raised in our Water & Wastewater Capital Delivery Audit dated September 2009. At that time, the Finance – Business Planning & Budget Branch had been working on developing a Capital Budget Policy since 2007. The draft policy addressed topics including capital monitoring and closing procedures. The draft also created or formalized reporting and processes including:

- Quarterly Capital Status Reporting - to determine if projects are complete, on schedule or no longer required.
- Formalized Department Review Process – to recommend a capital project for closure.
- Project Completion Report – a summary of the delivery of the project, expectations versus outcomes, cost versus budget with explanations, and issues outstanding and construction obstacles.
- Obtaining Authorization for Closure Process.
- Annual Inactive Capital Projects Audit.
- Projects with Pending Litigation.
- Reports to be prepared for Regional Council.
- The policy also assigned responsibilities to various Department and Branch Heads.

Management had agreed with the observation in the 2009 audit report, and indicated that:  
*A Capital Project Closure Policy was submitted and presented to the Senior Management Team on June 23, 2009. This policy was approved. Further steps towards the implementation of this policy are ongoing with formal implementation in Q4 2009.*

Audit Services determined the recommendation was no longer outstanding during our follow-up of outstanding audit recommendations in 2010, when Finance management indicated that education sessions were held with management, to ensure that going forward, project managers were aware of this new policy and the reporting requirements.

Without a formal capital delivery project closure policy and process, capital projects could remain open for an indefinite period of time and have costs not associated with the project, assigned to the project. Final accurate costing for the project would not be possible.

##### Recommendation

Finance continue to work towards finalization of the Draft Capital Closure Policy.



**Management Response**

AGREED

Finance will revisit the draft policy and make any necessary amendments. The draft policy will be finalized by Q4 2015.

**4.6 RCD implement a formal project documentation handoff process when staff assigned to projects are assigned to other projects**

**Observation**

There is no formal process to handoff project documentation and knowledge when project personnel change. A change in assigned staff stresses the continuity of the knowledge base relative to that project. As a result, documentation may become misplaced and / or issues needing to be addressed may be left unresolved.

Project 9712 experienced a number of personnel changes during its delivery. The design and construction phases have seen changes in Designed Technicians three times, two Project Managers (PM), three CAs, and two SIs. The lack of a formal handoff process may be in part, responsible for the inability to easily locate key design documents.

**Recommendation**

RCD develop a formal process to guide changes in personnel to help ensure continuity of all aspects of the project.

**Management Response**

AGREED

The PMO will develop and implement a protocol, including signoff by Project Manager (former and new), Manager, Engineering and Manager, PMO by Q1 2015

**4.7 Changes are required to the management and processing of Change Order forms**

**Observation**

**Change Order Template**

A template to be used to track Change Orders is provided in the Project Management and Delivery Toolkit. The template requires three signatures: the PM, the CA, and the Contractor.

All the Change Orders associated with Project 9712 had the PM's signature line removed.

The PM is accountable for the delivery of the project, and its cost. Amending templates compromises the management controls over the project.

***Legal review of the Change Order Template***

It has been a number of years since the Change Order template was formally reviewed by the Legal Branch.

Without a regular formal review to help ensure the Region's best interests stay protected, the change order process could result in additional risk and costs to the Region.

***Authority to Commit the Region to a Purchase***

RCD currently has four CAs on staff. A review of Notification of Signing Authority forms highlighted that only one CA's signing authority could be located. All four individuals had recently attended the Procurement training course.

Notification of Signing Authority forms gives authority to the individual to commit the Region to a purchase, provided the Purchasing By-law is followed.

***Change Order Instructions***

Change Order instructions need to be clarified as to when dollar thresholds require a more active involvement by the Project Manager.

The Change Order template contains instructions as to when the involvement of the PM is required. The instructions speak to changes being 'of a minor nature', and more costly changes, or doubts about the desirability of the change, require the PM to be notified without delay by telephone.

**Recommendation**

***Change Orders***

To help maintain the management control structure within a process, templates used to ensure the structure is intact should not be modified.

***Legal review of the Change Order template***

RCD management enlist the assistance of the Legal Branch to perform a periodic formal review of the Change Order template.

***Authority to Commit the Region to a Purchase***

All necessary procurement documentation that authorizes an individual to commit the Region to a purchase should be created and approved by management.

***Change Order Instructions***

Instructions as to the use of the Change Order form should be clarified with dollar thresholds to indicate when the PM, or more senior management needs to play a more active role in the procurement.

**Management Response**

COMPLETED

**4.8 The process around the timely and proper completion of Change Orders needs to improve**

**Observation**

A review of a sample of 12 change orders of the 69 change orders processed for Project 9712 highlighted that each of the Change Orders reviewed was improperly completed. Issues ranged from:

- a. Creation of earlier Change Orders by the current CA as the previous CAs had either not prepared them, or they had been misplaced.
- b. Dates of work performed could not be determined from the Change Order.
- c. Change Orders not signed by the contractor.

Change orders represent work procured by the Region and awarded to a contractor. Improperly prepared Change Orders could lead to legal issues if the work performed does meet requirements.

**Recommendation**

The proper use and storage of Change Orders be reiterated with any staff that may require the use of a Change Order in the execution of their responsibilities.

**Management Response**

COMPLETED

**4.9 Data analytics (which include financial data) needs to expand to provide a deeper level of reporting for management decision making**

**Observation**

The current level of reporting available to RCD management is limited to the payment certificate data. Data analysis between projects, between similar items in different projects, between similar projects in different years, requires a high degree of manual effort to collect the data from payment certificate spreadsheets.

Budgeting for future projects also requires similar manual effort to collect and reorganized data into information to be used to determine future requirements.

In discussions with Managers, a constant theme was the need for better information from which projects or project areas in need of attention could be quickly highlighted.

Manual effort to collect data and reassemble it into useful information is not an efficient use of the Region's resources.

**Recommendation**

The ability to collect information at the source should be one of the goals of the automation of data collection described in Observation 4.1.

**Management Response**

AGREED

This will be reviewed and incorporated into the work identified in the Management Response to Observation 4.1.

**4.10 Work Safety Insurance Board (WSIB) forms should be submitted for each payment certificate**

**Observation**

The contract for project 9712 did not require the contractor to submit a WSIB form for each payment certificate. WSIB forms are only valid for 90 days from the date of issue.

Current WSIB forms help the Region ensure the contractor remains in good standing, helping to ensure that the Region remains legally protected if a contractor falls behind in WSIB payments, and a worker is injured on the work site.

**Recommendation**

Future RCD contracts require a submission of a current WSIB form every 90 days, or with every payment certificate submitted for payment.

**Management Response**

COMPLETED

**4.11 Insurance & Risk Management (I&RM) should be requested by RCD management to tailor a presentation to RCD staff, specifically CAs and SIs, on how the Owner Controlled Insurance Program affects their responsibilities**

**Observation**

An accident involving the contractor and a school bus, noted on a SI's Report for Project 9712, was not communicated to I&RM. As a result, the Region has no record of the accident in the Certificate & Claims System (CCS). This application is used to collect all the Region's insurance activity and highlight areas of risk needing to be addressed.

Insurance requirements for Project 9712 were provided through the Region blanket OCIP coverage. Any accidents involving this project were to be addressed through the OCIP.

**Recommendation**

I&RM should be contacted to tailor a presentation to the Regions CAs and SIs to regarding claims management through OCIPs.

**Management Response**

AGREED

Insurance and Risk Management will be requested to do a presentation to CPD staff regarding claims management on regular and OCIP contracts and to explain the difference between the two processes. The presentation will be scheduled for no later than Q4 2014.

**4.12 Using CA project construction experience at Design meetings**

**Observation**

Minutes of various meetings during the Design phase of a project delivery indicate that the CA which will be assigned to the construction of the project is not required to attend design meetings.

A CA has a vast amount of experience in managing actual delivery issues that can be faced when a project goes into the construction phase. Attending Design Phase meetings would potentially allow the Design team to address some issues at the table, and not at the construction site.

**Recommendation**

The CA that will be assigned to the construction of a project should be requested to provide input into Design meetings on a periodic basis, i.e. at the 30%, 60% and 90% milestones. This

would help ensure that some issues might be addressed at the design stage. It would also allow for the CA to become familiar upcoming projects.

**Management Response**

AGREED and completed

CA and inspectors are required to provide input during the environmental assessment and detailed design phases of a project, however, this requirement is not strictly enforced currently. For example if a design review is scheduled during the peak summer season when CA and inspectors are on construction sites and busy with construction or due to vacation, the project team does not receive the benefit of the input from a construction perspective from internal staff. There is still a requirement for the consultant to undertake a constructability review prior to submission of the package to the Region.

While it is not possible to guarantee that the CA who reviews the design will be assigned to the construction of the project, CPD management will endeavour to ensure that the project is reviewed both externally and internally for constructability and other matters that could impact the project during construction.

**4.13 Opportunities to create formal feedback documentation**

**Observation**

Feedback documentation, containing learnings from construction activity, could not be located. There is no requirement for learnings to be stored in a central database that can be referenced for future construction projects.

From our review of Project 9712 bid costs versus actual costs where there was more than \$50,000 difference between the bid cost and actual cost, we were able to identify at least 18 items from which there would be some information for future projects.

We also identified 28 items totaling \$317,027 (bid cost) where the items had zero usage. These items should be evaluated as to whether or not they should be included in bids documents for future projects.

Both analyses were shared with RCD management.

**Recommendation**

A requirement for all completed capital projects should be the creation of a learnings document to be stored in a learnings database from which future projects may benefit.

**Management Response**

AGREED

A Learnings Database will be developed and maintained by the PMO. The Learnings Database will be implemented by Q1 2015.

As part of the contract close out process, a “Lessons Learned” meeting will be held by the Project Manager and the minutes from the meeting will be used to update the Learnings Database.

#### **4.14 Tracking usage of materials using to highlight potential overages**

##### **Observation**

Tracking materials that need to be laid, (i.e. asphalt) cannot be investigated if overages in material usage occur.

SI reports will track when the material was laid, however it is tracked in one whole amount and not sectioned into parcels from which anticipated amounts can be compared to actual amounts laid.

Detailed quantity calculations that provide parcelling of laid down material would immediately identify where the actual amount needed surpassed the budget amount. This would serve two purposes:

1. Highlight the potential for an overage in the material when the job was finished.
2. Highlight the need for an explanation why it was required, and a potential learning for a future project under similar circumstances.

##### **Recommendation**

RCD review the form and content of the information currently provided to the SI. For example, detailed quantity calculations that parcel sections of roads, shoulders, etc. could provide tracking of material usage on a smaller scale and highlight material usage variances immediately.

##### **Management Response**

AGREED

The PMO will review the format and content of the information currently provided by Q1 2015. If changes to the format and/or content are recommended, the PMO will develop the revised standards and implement same by Q4 2015.

#### 4.15 Tracking of risks and resolutions during Design stage

##### Observation

A centralized risks and resolutions database was not created for Project 9712. Risks and resolutions were identified in various meeting minutes and notes.

The tracking of issues, how they were resolved, and by whom, is more effective and efficient through the use of one repository that accumulates this information.

##### Recommendation

One file is used to track all issues and their resolutions during the design stage. The file can be updated as necessary and provides a history that can also be a source for a learnings database.

##### Management Response

AGREED

The PMO will develop and CPD will implement an Issues Tracking Log for each capital project. The Tracking Log will be ready for implementation by Q1 2015

#### 4.16 Completed project files should be stored as per the Region's Records Retention By-law

##### Observation

Approximately 30 boxes of RCD files were stacked in a hallway. The boxes have been stacked in the hallway for quite some time. Some of the dates on file folders read 1994/95.

Storing boxes with project related files in hallways presents a tripping hazard, a fire hazard, and a risk that one or more of the boxes are relocated and subsequently lost.

##### Recommendation

RCD management should ensure that the boxes are processed as per the Region's Records Retention By-law, and stored off-site.

##### Management Response

AGREED

Due date is Q4 2015.



*Original signed by:*

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**Daniel Kostopoulos**  
**Commissioner Transportation &  
Community Planning**

*Original signed by:*

---

**Stephen Collins**  
**Director Infrastructure  
Management and PMO**

*Original signed by:*

---

**Bill Hughes**  
**Commissioner Finance**

*Original signed by:*

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**Paul Duggan**  
**Director Audit Services**

*Original signed by:*

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**Salim Alibhai**  
**Director Capital Planning and  
Delivery**

*Original signed by:*

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**Warren Marshall**  
**Director Controllership Office**



***Outstanding Audit  
Recommendations Follow up  
Audit Report***

***February 2015 Audit Committee***

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## **1.0 Management Summary**

Audit Services has completed a follow up of outstanding audit recommendations at December 31, 2014. 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 2014.
2. Any new audit report recommendations issued up to and including December 31, 2014.

There were 30 audit recommendations originally issued through the five audit reports currently on our list for follow up. Management has implemented 83% of these recommendations.

For this audit recommendations follow up report, there were no ‘private’ audit reports 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.

## **2.0 Introduction**

As part of our 2014 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 2014 audit recommendations follow up audit report, and all new recommendations issued in audit reports up to and including December 31, 2014.

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 Regional 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 December 31, 2014 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 December 31, 2014.

#### **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.

**TABLE A – Summary of Outstanding Audit Recommendations Follow up as at December 31, 2014**

<b>Audit Report</b>	<b>Number of opportunities originally highlighted</b>	<b>Completed for 7/31/14</b>	<b>Completed for 12/31/14</b>	<b>Not yet complete</b>	<b>% Not yet complete</b>	<b>Date of Audit Report</b>	<b>Date Reported to Audit Committee</b>
Finance – Procurement Card	6	5	0	1	17%	May-13	Jun-13
Finance – Petty Cash	3	1	1	1	33%	Jun-13	Oct-13
TCP – YRT Mobility Plus Contract Compliance	10	7	2	1	10%	Aug-13	Oct-13
Finance – Owner Controlled Insurance Program (OCIP)	7	5	0	2	29%	Dec-13	Feb-14
C&HS – Controls Over Fictitious Clients	4	4	0	0	0%	Apr-14	Jun-14
<b>Totals</b>	<b>30</b>	<b>22</b>	<b>3</b>	<b>5</b>	<b>17%</b>		

**TABLE B – Summary of Outstanding Audit Recommendations as at December 31, 2014**

Audit Report	Recommendation	Management response	Original due date	Current due date
<b>Finance</b>				
Procurement Card	4.1 Procedures should be established to enable the Corporate Administrator to perform random audits. Specific focus should be made on suspense account transactions.	Done. Procedures have been established. Random audits began in October 2013, and will continue commencing Q1 2014.	Q3 2013	NA
	4.2 Add a line to Procurement Card forms to require the authorizer to print their name.	Done	None	NA
	4.3 Ensure card holders sign for their card to ensure they understand and agree to Regional purchasing card policies.	Done	Q2 2013	NA
	4.4 Department administrators should be reminded that failure to comply with purchasing card policy and procedures could result in card revocation.	Done. Audit report was distributed to all attendees at the quarterly administrator meeting in June 2013.	Q2 2013	NA
	4.5 For employees who have not used their purchasing card in 6 months, Department Administrators should confirm to the Corporate Administrator that the card is still needed.	Done. The audit report was incorporated into the revised procedures – this exercise will be carried out every six months.	None	NA



Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.6 Management re-examine the current control environment for procurement cards to determine if more efficient processes can be developed as enhancements to PeopleSoft progress.</p>	<p>The review of the Procurement Card processes is tentatively scheduled to commence in Q2, 2016 as part of the source to settlement project.</p>	<p>2017</p>	<p>2017</p>
<p>Petty Cash</p>	<p>4.1 Cash handling / petty cash policies and procedures should be developed by Finance to centralize controls over cash handling.</p>	<p>With input from departmental representatives, the petty cash policy and procedures have been completed. The procedures have been implemented. The policy will be submitted to Senior Management in the first quarter of 2015 for approval.</p>	<p>Q3 2014</p>	<p>Q1 2015</p>
	<p>4.2 Centralize documentation and processes to set up, increase, decrease, close, or change custodian petty cash accounts.</p>	<p>Centralized documentation and processes have been formalized and incorporated as part of the petty cash policy and procedures.</p>	<p>Q3 2014</p>	<p>NA</p>
	<p>4.3 Finance should perform surprise cash counts periodically.</p>	<p>Done. A schedule of surprise cash counts has been completed. Surprise cash counts are underway and these will be documented on an ongoing basis.</p>	<p>Q4 2013</p>	<p>NA</p>
<p>YRT – Mobility Plus</p>	<p>4.1 Insurance certificates should be agreed to contract documents, or other related documentation.</p>	<p>Done. An enhanced, formal timeline process with an automated abeyance system has been instituted.</p>	<p>None</p>	<p>NA</p>
	<p>4.2 The application process manual should be reviewed and updated to reflect the current state; require a formal overall review and update on a periodic basis; and, require formal YRT Management sign-off as evidence of the update and review.</p>	<p>All recommendations were completed in Q4, 2014</p>	<p>Q2 2014</p>	<p>NA</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.3 YRT Mobility management contact Cares Accessible Transit and Mobility Transit to obtain the Emergency Operations Protocol documents.</p>	<p>Done. YRT has received the protocols from the vendors.</p>	<p>None</p>	<p>NA</p>
	<p>4.4 Changes to driver information (addition, deletion, changes) keyed into TIRS should be reviewed for accuracy and completeness by another individual.</p> <p>Management should also explore the feasibility in obtaining such functionality with the new RouteMatch application currently schedule for deployment.</p>	<p>Done.</p> <p>Done.</p>	<p>Q2 2014</p> <p>Q2 2014</p>	<p>NA</p> <p>NA</p>
	<p>4.5 YRT Mobility management should discuss industry standards for late cancellations and no-shows with other similar transit services to determine a) how we are performing when dealing with this issue, and, b) what other incentives have been successfully used by other similar transit providers to reduce occurrences.</p>	<p>The Canadian Urban Transit Association is the lead for this project. A contract was released in Q3, 2014 to retain a consultant to assist in the development of CUTA's Practice for Specialized Service Standards. The contract was awarded in Q4, 2014, and review should be completed in Q3, 2015. Through this review, if any recommendations are made regarding the "Late Cancellations/No Shows" from the standards, YRT will review and adjust current processes if required.</p>	<p>Q4 2014</p>	<p>Q4 2015</p>
	<p>4.6 The Transview application is being replaced in the near future with a more robust system called RouteMatch. The requirement for edit listing should be one of the deliverables for this project.</p>	<p>Done.</p>	<p>Q2 2014</p>	<p>NA</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.7</p> <ul style="list-style-type: none"> <li>• Healthcare professionals who have provided input on the application should be verified as members in good standing with their respective associations.</li> <li>• Paper application files should be kept complete with all correspondences with the applicant.</li> <li>• The addition of 'Not Applicable' check boxes for two questions on the application would help to ensure that the applicant has considered and responded to all questions.</li> <li>• Once an applicant becomes a registered user of Mobility Plus services, their information should not be deleted. If removal is deemed necessary, then an edit listing of the change to the database should be printed and approved by management and the riders file should be stored off of the database and available for retrieval, or made inactive on the current database.</li> </ul>	<ul style="list-style-type: none"> <li>• All outstanding recommendations have been completed in Q4, 2014</li> </ul>	<p>Q4 2013</p> <p>Q4 2013</p> <p>Q2 2014</p> <p>Q2 2014</p>	<p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p>
	<p>4.8</p> <p>Mobility Plus management should enlist the help of Property Services to explore options to increase the level of security for those files.</p>	<p>Done. Cabinets are now locked.</p>	<p>None</p>	<p>NA</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.9</p> <p>Current TransView data should be purged of inactive clients and those files kept off the active databse. This would help allow for some additional report processing capacity.</p> <p>Transview registered client data be scrubbed prior to uploading into RouteMatch. Inactive client data should be secured and kept ready to reload if needed.</p>	<p>Done. Only registered riders who have travelled within the past 2 years will have their files transferred into the new scheduling and management software (RouteMatch).</p>	<p>Q4 2013</p>	<p>NA</p>
	<p>4.10</p> <p>YRT Mobility Plus management perform a cost / benefit analysis on expanding the resources needed for the current appeals process versus outsourcing this process to a third party.</p> <p>YRT Mobility Plus should also examine why there has been a sudden increase in appeals.</p>	<p>Done.</p> <p>York Region nurse providing additional eight hours to assess clients.</p> <p>As recommended by Council Nov. 2013 – retaining Medisys Health Group for one year to conduct Mobility Plus appeals on behalf of York Region be brought to York Region Accessibility Advisory Committee in February 2014 and bring a report forward to the Committee of the Whole.</p>	<p>Q4 2013</p>	<p>NA</p>
<p>Finance - OCIP</p>	<p>4.1</p> <p>The Commissioner of Finance and Treasury formally report the adoption of the OCIP program to Regional Council.</p>	<p>Done.</p>	<p>Q2 2014</p>	<p>NA</p>
	<p>4.2</p> <p>Develop a service level agreement (SLA) for projects under the blanket OCIP and for each individual project covered under its own, separate OCIP.</p>	<p>Done.</p>	<p>Q2 2014</p>	<p>NA</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.3 Develop regular OCIP reporting from the Claims &amp; Certificate Reporting System (CCS) to help ensure complete and reliable information used for management decision making and program reporting.</p>	<p>OCIP reporting was included in the Claims and Certificate system (CCS) upgrade project developed in late 2014. It is currently being tested with full implementation expected during January 2015.</p>	<p>Q4 2014</p>	<p>Q1 2015</p>
	<p>4.4 Update I &amp; RM Policy to include the use of OCIPs.  Require periodic updates to the I &amp; RM Policy.</p>	<p>Done.</p>	<p>NA  Q2 2014</p>	<p>NA  NA</p>
	<p>4.5 Amounts owed to the Region by contractors should be deducted from the next payment to the contractor. Charge interest penalties on invoiced amounts outstanding to date.</p>	<p>Done. Outstanding amounts are now deducted from project payments on an ongoing basis.</p>	<p>Q2 2014</p>	<p>NA</p>
	<p>4.6 I &amp; RM should develop edit listings to help ensure data entered into CCRS is complete, accurate, authorized and timely.</p>	<p>Done. A new internal procedural change has been implemented to allow for review and signoff on entered data.</p>	<p>NA</p>	<p>NA</p>
	<p>4.7 Creation of a report through CCS summarizing closed claims to reconcile to invoice requisitions generated through PeopleSoft.</p>	<p>The ability to reconcile closed OCIP claims was included in the upgrade to CCS described in the response to 4.3</p>	<p>Q4 2014</p>	<p>Q1 2015</p>
<p>C&amp;HS</p>	<p>4.1 OW management should co-ordinate with Audit Services to perform data analysis annually to further reduce the risk of loss from setup of fictitious clients.</p>	<p>Done. Currently working with Audit Services to plan for the data analysis in Q4 2014.</p>	<p>Q4 2014</p>	<p>NA</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.2 A standardized checklist should be used by all offices to evidence supervisor file reviews.	Done.	Q3 2014	NA
	4.3 Management should reiterate the importance of performing 5 supervisory reviews per month.	Done.	Q3 2014	NA
	4.4 Internal policies developed by Social Services for the OW program which are not required by legislation should be documented and distributed to OW staff to ensure that requirements are understood and followed.	Done.	Q3 2014	NA