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AUDIT SERVICES BRANCH REPORT

Audit Committee recommends adoption of the recommendation contained in the following report dated September 11, 2013 from the Director of Audit Services:

1.   RECOMMENDATION

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.

Attachment 4, Tables C and D, follow up of outstanding audit points are private attachments as they address concerns regarding the security of the 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 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*.

Audit Reports Issued

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

- Petty Cash – Finance - Audit Report (*Attachment 2*)
- York Region Transit Mobility Plus Audit Report (*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 August 31, 2013 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.*

(The four attachments referred to in this clause were included in the agenda for the October 3, 2013 Audit Committee meeting.)

YORK REGION
AUDIT SERVICES BRANCH ACTIVITIES

Project Name	Status
1. Finance – Petty Cash Audit	➢ Completed
2. YRT – Mobility Transit Audit	➢ Completed
3. Outstanding Audit Recommendations Follow Up	➢ Completed
4. Management Request - YRT - Contractor Invoicing Review	➢ Completed
5. Management Request - Water Billing and Process Review	➢ Completed
6. Owner Controlled Insurance Program	➢ In progress
7. C&HS – Review Controls over Fictitious Clients	➢ In progress
8. Various Fairness Monitoring Projects	➢ In progress
9. Steering Committee – ACL review	➢ Advisory role
10. Steering Committee – HRIMS and Payroll Review	➢ Advisory role
11. Member – Growth and Development Tracking Working Group	➢ Advisory role
12. Member – Corporate Mobile Strategy Working Group	➢ Advisory role
13. Corporate Technology Review Committee	➢ Advisory role
14. York Region Audit Services staff volunteer their time and collectively hold the following positions: • Chair, Treasurer and Director of the Canadian Association of Local Government Auditors • Program Committee Chair of the Ontario Municipal Internal Auditors Association • Member, Association of Local Government Auditors Association Awards Committee and Advocacy Committee	➢ Volunteer Association work

Petty Cash – Finance - Audit Report

June 2013

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Section   **Page No.**

1.0   Management Summary

We have completed an audit of Finance – Petty Cash. Our review focused on controls in place to ensure that petty cash is secure, and appropriately accounted for throughout the Region (excluding Police). Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing.*

We have concluded that controls over petty cash require strengthening. Finance management has been very co-operative and is currently addressing, or is planning to address areas where internal controls require improvement. These improvements include creation of cash handling policies and procedures, requiring formal documentation from departments, and Finance approval to create a petty cash account, increase or decrease a petty cash account, change custody, and performing periodic surprise cash counts.

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 Finance staff and management for their co-operation and assistance provided during the audit.

2.0   Introduction

There are 74 petty cash accounts held across the Region (excluding Police) totaling $34,600. They are typically used for miscellaneous administrative purchases, and for program specific purchases.

The Pcard was implemented approximately 15 years ago, which enabled Regional employees to make small purchases without the need for cash, thus reducing the need to operate a petty cash. Although the individual amounts held by a given department are typically small ($100-$200) the potential for inappropriate use/theft exists due to the nature of the asset.

Coincidentally, Finance was undergoing an extensive review of all petty cash balances when the audit commenced. As a result, audit was able to utilize the preliminary documentation that Finance prepared as a starting point to review the petty cash balances in the operating departments.

3.0   Objectives and Scope

The objectives of this engagement included ensuring that:

- petty cash is adequately controlled by Finance and at the department level; and
- centralized policies and procedures are in place.

The audit objectives were accomplished through:

- review of petty cash documentation
- discussion with Finance management
- performing surprise cash counts on a test basis

4.0   Detailed Observations

4.1   *No Formal Cash Handling/Petty Cash Policies & Procedures*

Observation
There are no formal centralized cash handling/petty cash procedures at the Region.

Recommendation
Cash handling/petty cash Policies and Procedures should be developed by Finance to centralize controls over cash handling. Such policies and procedures would ensure that all departments understand the responsibilities of holding petty cash and ensure that the balances are controlled.

Management Response
Management is currently developing cash handling/petty cash policies and procedures which are expected to be completed by Q3 2014.

4.2   *Documentation and Controls are needed*

Observation
The preliminary listing provided to Audit Services by Finance at the beginning of the audit did not accurately reflect petty cash held at the Region.
Specifically:
- 9 balances listed could not be confirmed (no petty cash existed or they were not able to locate receipts)
- 5 balances had been increased/decreased
- 17 balances had a change in custodian, 4 of which were because the employee had left the Region.

Recommendation
Centralized documentation and processes to set up, increase, decrease, close, or change custodian for petty cash accounts should be established so that Finance can adequately control and monitor petty cash held throughout the Region.

Management Response
The documentation recommended will be incorporated as part of the cash handling/petty cash policies and procedures development which is scheduled for completion in 2014.

4.3   Surprise Cash Counts

Observation
Surprise cash counts revealed that 2/9, or 22% of balances did not reconcile to what was supposed to be on hand per information confirmed to Finance from the operating departments. (One petty cash was over and the other was under.)
One fund had no physical controls over access to the cash. The purpose of a surprise count is to determine whether procedures are being followed by custodians in terms of reconciliation, and to determine who has physical access to the cash, and to ensure existence of the funds.

Recommendation
In addition to establishing centralized Policies and Procedures over cash, Finance shouldperform surprise cash counts periodically to ensure the existence of the funds and to reinforce the control procedures as necessary.

Management Response
A schedule for surprise cash counts will be created and implemented by Q4 2013. This schedule will be incorporated into the cash handling/petty cash policies and procedures scheduled for completion in 2014.

Original signed by	*Original signed by*
Warren Marshall	**Bill Hughes**
Director, Controllership Office and Deputy Treasurer	**Commissioner – Finance**

Original signed by

Paul Duggan
Director, Audit Services

York Region Transit Mobility Plus – Audit Report

August 2013

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1.0   Management Summary

We have completed an audit of the York Region Transit Mobility Plus (YRT Mobility) eligibility process and contract compliance. Our audit reviewed the history of the development of the eligibility criteria, for adherence of the criteria to the Accessibility for Ontarians with Disabilities Act (AODA), and the application of the criteria in determining the granting of Mobility Plus transit services to applicants. Contract compliance was determined through assessing the risks of the various clauses within the contract, and examining those highlighted as higher risk. Payments to vendors were used to assess the contract reporting in place to help ensure accuracy and completeness. Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing.*

We have concluded that York Region Transit Mobility Plus is presently in compliance with the AODA legislation and it appears is applying the eligibility criteria in a consistent manner. Controls ensuring contract compliance are fairly detailed and help ensure vendors operate within the parameters of the performance contracts. There were a few observations made during the course of our audit highlighting areas where controls need to be enhanced or put into place. The current TransView application is limited in its reporting capability, and as such, will be replaced by new scheduling software, RouteMatch, in November 2013. Other recommendations include reviewing the eligibility appeals process, updating insurance coverage to match contract requirements, updating the client application process manual, and placing better security around client application files to better protect confidential medical and personal information and conform to Municipal Freedom of Information Act and Privacy Protection Act (MFIPPA). Details of our observations and recommendations are listed below.

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 the York Region Transit Mobility Plus staff and management for their co-operation and assistance provided during the audit.

2.0   Introduction

Mobility Plus is York Region's door-to-door shared ride accessible public transit service for people with disabilities, whereby use of regular public transit due to a physical or functional disability is unreasonably difficult.

To use this service, a rider must meet specific Regional Council approved eligibility criterion. Eligibility is considered on a case-by-case basis and is not based on a particular disability, nor is it based on income level or lack of accessible public transit in an applicant's area.

The criterion includes limitations associated with physical movement, cognitive abilities, sensory motor area conditions, or visual impairment (after training from an approved agency such as the Canadian National Institute for the Blind), and applicants undergoing registered dialysis treatment.

Specialized transit service for eligible riders is governed by performance based contracts using three contractors: Royal Taxi Inc. – York Region, Care Accessible Transportation and Mobility Transportation Specialists.

Registered ridership is approximately 12,000 clients (with 4,000 active riders) and a one way ride is estimated to cost the Region about $35. To help defray some of this cost, a 'Family of Services' practise is employed. Mobility Plus clients, who are able to take conventional transit for all or part of a required trip may be transported by a number of York Region Transit Family of Services including Mobility Plus, Viva, conventional and community bus,   to complete their journey.

3.0   Objectives and Scope

The objectives of this engagement included ensuring that:
- The York Region Mobility Plus Transit application process adheres to applicable legislation (AODA) and is being applied in a fair and consistent manner.
- Assurance processes are in place to help ensure that contractors are in compliance with the Mobility Plus contracts.

The audit objectives were accomplished through:
- Interviews with selected Region staff associated with administering the Mobility Plus program.
- Review of documents related to the application process, and how the process supports established criteria.
- Review of vendor contracts and current assurance processes in place to help ensure contractors are in compliance with the Mobility Plus contracts.

4.0   Detailed Observations

4.1   Developing a process to help ensure that vendors meet insurance coverage requirement as stipulated in contracts

Observation

Finance - Insurance Risk does not verify the coverage on insurance certificates submitted by vendors to the contract stipulated requirements.

Insurance certificates provided by two of the three contractors responsible for supplying specialized transit services do not indicate insurance coverage as stipulated in the contract. The first vendor, Mobility Transportation Services, supplied general aggregate insurance of $5 million. The contract requires $10 million. A second vendor, Care Accessible Transportation, has not supplied automobile insurance of $5 million, as stipulated by the contract.

The correct coverage has since been obtained by Finance – Insurance & Risk.

Recommendation

Finance - Insurance and Risk should develep a practise that would help to ensure that insurance certificates submitted by vendors are agreed to contract documents, or other related documentation. This documentation should then be retained in Insurance & Risk records.

Management Response

- Finance supports this recommendation. The informal guidelines that were in place with regard to the accuracy and compliance of certificates of insurance were not sufficient to prevent the two cases found. Since then an enhanced, formal timeline process with an automated abeyance system has been instituted. This process includes escalating issues of non-compliance to the project initiator in order that work can be halted and/or payments to the contractor withheld until they are resolved.

4.2   Updating the application process manual

Observation

The process manual for the potential client application procedures needs updating. Items that were noted as needing updated included: the example of the application form currently in use, references to individuals no longer at the Region, and, the description of the appeals process which still included Manager of Mobility Plus as a member.

In February 2009, the Manager of Mobility Plus was removed and a third member of the public was included on the appeals panel. The website application form includes being a Dialysis Patient as a criteria, and the current manual does not list this criteria.

Process manuals that become out of dated and contain erroneous information may lead to otherwise avoidable errors in operations.

Recommendation
The 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.

Management Response

- Manual will be updated by Q2, 2014 with the implementation of a scheduling and management software for Mobility Services (RouteMatch).

4.3 Obtaining the Emergency Operations Protocol for Care Accessible Transit and Mobility Transit

Observation
Emergency Operations protocols have not yet been submitted by Cares Accessible Transit and Mobility Transportation Specialists. These procedures were due from the contractors either with their bid submissions, or at contract signing.

Without a review of the contractor's protocols by the Region, the Region does not have any assurance that the contractors emergency response protocols compliment the Region's emergency preparedness plans.

Recommendation
YRT Mobility management contact Cares Accessible Transit and Mobility Transit to obtain the necessary documents.

Management Response

- Completed. Both outstanding protocols have been received by Mobility Plus.

4.4 Performing reviews of active driver information keyed into the Transit Incident Reporting System (TIRS)

Observation
TIRS does not provide for an edit listing of changes in information contained within it, nor can it advise of upcoming document expiry dates.

TIRS is used to track active driver information related to their driver's license number, training dates, criminal background checks and other related information. Some of the observations we noted when we compared a sample of ten current active driver information within TIRS to original documentation included:

- missing driver's license expiry dates for three drivers, one of which was expired. A current expiry date was sourced from the contractor
- a driver transfering from one contractor to another and listed as a driver under the former employer

- a driver leaving the employment of a contractor and listed as active
- a driver name incorrectly entered
- a driver entered in twice

Incorrect driver information compromises our ability to ensure all relevant documents to be submitted by contractors are collected and current.

As per discussion with management, it is too costly to improve the current TIRS application to allow for edit listings and advisement of upcoming document expiries.

Recommendation
Any change of driver information (addition, deletion, changes) keyed into TIRS should be reviewed for accuracy and completeness by another individual. This will help to ensure that active driver information is kept relevant.

Management should also explore the feasibility in obtaining such functionality with the new RouteMatch application currently schedule for deployment.

Management Response

- Will be completed by Q2, 2014 with the implementation of a scheduling and management software for Mobility Services (RouteMatch).

4.5 Using industry standards for late cancellations and no-shows as one tool to gauge YRT Mobility performance in this area

Observation
YRT Mobility does not use an industry standard to determine if late cancellations and no-shows occurrences are reasonable. As per discussion with Mobility Plus management, we have not determined if such a standard exists for specialized transit.

Late cancellations and no-shows impacts upon customer service and our ability to accommodate client time requests.

Recommendation
YRT Mobility management should discuss this issue 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.

Management Response

- YRT Mobility staff has consulted with other transit service providers and there is a broad spectrum of how cancellations and no shows are managed. YRT Mobility staff currently has a tracking process for no shows and late cancellations which utilizes a demerit point system. The accumulation of demerit points can progress to the client being removed from mobility service. YRT will participate in the development of a Canadian Code of Practice for Specialized Service Standards with CUTA and other transit service providers. This includes developing no shows and late cancellation guidelines.

The CUTA study is targeted for completion by Q4 2014.

4.6 Edit listing for changes to client masterfiles should be a deliverable for the new client application

Observation
The current client application system, TransView, does not produce edit listings for changes to client masterfiles. As a result, changes to client masterfiles can be performed that are not authorized or are not correct and potentially go unnoticed.

Recommendation
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.

Management Response

- An edit listing is currently not a deliverable for the new scheduling and management software (RouteMatch). Mobility Plus will review this potential upgrade. If possible, YRT's target date for implementation is Q2-2014.

4.7 Enhancing the administration of the review and approval process for applicants to Mobility Plus services

Observation
An analysis of 20 of the 826 successful applications for Mobility Plus services from January 1, 2013 to July 31, 2013 highlighted the following observations:

- Healthcare providers used as references and required to complete a portion of the application for services by the applicant are not verified as being a member in good standing with their respective professional associations. There are eight healthcare professions considered as acceptable references by Mobility Plus. Our testing did not reveal any issues with the healthcare providers used in the sample of 20 we tested.

  Without verification of the healthcare professional's status, services could be offered to applicants that have falsified information on their application.

- A copy of the acceptance letter sent to the successful applicant is not usually kept with the applicants original paper application. In 18 of the 20 successful applicants reviewed, only two had a copy of the acceptance letter attached. A paper file is kept for every application received and subsequent correspondense. By not keeping all related paper documents together it could result in decisions being made with incomplete information.

- There were two questions noted that did not offer the applicant to respond that the questions were 'not applicable' to them. When questions are left blank we cannot ensure that the question was considered by the applicant.

- Edit listings of changes to the registered ridership are not automatically printed and reviewed for management approval. A review of the sequentially issued client identification numbers issued to registered riders indicated five gaps in the sequence. The gaps may have been caused by deletions of registered riders who had been issued two identification numbers. For

example, a registered rider that went from a temporary ridership to a full-time ridership. Without edit listings of changes to the database, management cannot ensure all change activity is proper.

- Additions and changes to the Transview registered riders database can be performed by anyone within Mobility Plus. This would include management. This increases the risk of errors and unauthorized changes, and is a segregation of duties issue.

Recommendation

- Healthcare professionals who have provided input on the application should be verified as members in good standing with their respective associations. Each of the eight professional healthcare associations has online search capability to allow the public to verify members of their association that are in good standing.
- Paper application files should be kept complete with all correspondences with the applicant. This helps to ensure that a complete history can be located in one location and services were extended by authorized personnel.
- 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.
- 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.

Management Response

- Healthcare professionals: Nurse will randomly audit the health care professionals on-line registry for verification (Q4-2013)
- All acceptance letters for applicants between January 1, 2013 and July 31, 2013 are currently being attached to the passenger's file. This will be completed by the end of Q4-2013.
- The additional check boxes will be added to the on-line application for download immediately and added to the hard copy application for the next printing. Completion by Q2-2014.
- Registered rider files will not be deleted unless authorized by a Supervisor or designate. Feasibility of tracking changes will be undertaken as part of the implementation of the new scheduling and management software (RouteMatch) in Q2-2014..

4.8 The file room used to store Mobility Plus services applicants must be made more secure to comply with MFIPPA legislation

Observation

Presently, Mobility Plus client files can be accessed by any employee working on the floor. As a result the Region cannot ensure confidentiality of those files. Files are not accessible to the general public. The file room where registered, not registered (denied) and unregistered riders (deceased) are kept has two doors on either side of the room , both of which are left open during the course of the day and do not have card readers to track employees entering the room.

Recommendation

Mobility Plus management should enlist the help of Property Services to explore options to increase the level of security for those files. For example, locking file cabinets or construction of a dividing wall and card reader for entrance to the room could be possible solutions.

Management Response

- Completed. - All file cabinets holding Mobility Plus applications are now locked.

4.9 Housekeeping of TransView client related electronic files to improve system performance

Observation

The TransView reporting function is being affected by the number of stagnant registered client files being stored in the active environment. The TransView database contains information for 12,000 registered riders, but only 4,000 active registered riders. Information is being kept for individuals that may no longer need Mobility Plus services (i.e. the person is deceased) and riders who have been registered by someone on their behalf and do not use the specialized service. TransView reporting capability is limited, however due to the large number of stagnant client files stored, preparing and running reports can take an unreasonable amount of time, or will refuse to run. For example, Audit Services requested a report to highlight client name or ID, birthday, and last ride date. After an hour of processing the report had to be abandoned.

Processing of stagnant electronic files adds overhead to an applications ability to provide timely information.

Recommendation

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.

Transview registered client data be scrubbed prior to uploading into RouteMatch. Inactive client data should be secured and kept ready to reload if needed.

Management Response

- Only registered riders who have travelled within the past 2 years will have their files transferred into the new scheduling and management software (RouteMatch). Completion by Q4-2013.

4.10 Increasing the resources needed to decide on appealed applications, or consider outsourcing the appeals process

Observation

An increase in the number of applicants denied Mobility Plus service, and a higher than expected number of appeals has resulted in the appeal notices being heard 90 days from date of receipt. AODA regulations that will become effective January 2014 requires an appeal to heard within 30

days of the receipt of the notice. There are fines ranging from $5,000 to $15,000 within the regulations that could impact the Region.

There is a well developed appeals process for Mobility Plus applicants that have been denied services after an initial review of their application. Based on our review of five recent appeals, it presently takes approximately 66 days for an appeal to be heard.

	2007 to 2012 (6 years)	**January to July 2013 (7 months)**
# of applications received	12,556	1,214
# of applications denied % of applications denied	979 7.8%	378 31.1%
# of appeals heard % of # of applications denied	8 0.8%	15 4.0%

As of August 2013 there have been 24 appeals requested, with 15 heard as of July 2013. August 2013 appeal notices being received into the Regional Clerk's Office are being book for Novermber 2013 dates.

The appeals process requires a fair amount of Region and outside administration and resources. There is a panel of three individuals that adjudicate each case. They meet one day a month for three hours. The panelists are not paid for their time. Some of the panelists have full time employment elsewhere and thus take time off work to attend the three hour meetings. This gives enough time for approximately three cases to be heard a month. Region resources present at the meetings include the Manager of Mobility Plus, York Region Legal Counsel and a Regional Clerk's Office Committee Co ordinator.

<u>Recommendation</u>
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. As a case in point, there is at least one other transit service in Ontario that has chosen to outsource this task. A meeting should be scheduled with that municipality to discuss the cost / benefits and any issues they have encountered.

YRT Mobility Plus should also examine why there has been a sudden increase in appeals. The analysis should determine if the increase is short term or long term. This will help identify any changes in our business environment that may impact on customer service delivery.

<u>Management Response</u>

- There is an increase in appeals due to clients being able to appeal a change to their travel status, for example, full access compared to Family of Services. Mobility Plus is looking at alternatives to address the increase in appeals which include:
  a) Internal processes changes in the reviewing of the applications to help reduce the number of clients going to the Appeal Panel.

b) Additional resources have been made available for in-person assessments to reduce appeals.

c) Outsourcing the appeal process - Mobility Plus will contact TTC's eligibility and appeal contractor to determine the feasibility of using external resources to assist with the appeals process.   Completion by Q4-2013.

Original signed by

Rick Leary

Commissioner, Transportation and Community Planning

Original signed by

Ann Marie Carroll

General Manager, Transit

Original signed by

Bill Hughes

Commissioner, Finance

Original signed by

Ed Hankins

Director, Treasury Office

Original signed by

Paul Duggan

Director, Audit Services

Outstanding Audit Recommendations Follow Up Audit Report

October 2013 Audit Committee

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Section   **Page No.**

1.0   Management Summary

Audit Services has completed a follow up of outstanding audit recommendations at August 31, 2013. 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 2013.

2. Any new audit report recommendations issued up to and including August 31, 2013.

There were ten audit recommendations originally issued through the two audit reports currently on our list for follow up. Prior to this review, one audit recommendation, or 10% had been implemented. From the remaining nine recommendations, five have been implemented. At August 31, 2013, four recommendations, or 40% of the original ten recommendations issued have not yet been implemented.

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 2013 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 2012 audit recommendations follow up audit report, and all new recommendations issued in audit reports up to and including August 31, 2013.

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 August 31, 2013 will be followed up in the future.

3.0   Objectives and Scope

The objective for this engagement was:

- To provide feedback to the York Region 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 August 31, 2013.

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 C summarizes the outstanding private audit recommendations followed up for this review. *(Private)*

- Table D is a summary of outstanding audit recommendations which were originally presented private and followed up for this review. *(Private)*

TABLE A - Summary of Outstanding Audit Recommendations Follow up as at August 31, 2013

Audit Report	Number of opportunities originally highlighted	Completed prior to this review	Completed for this review	Not yet complete	% Not yet complete	Date of Audit Report	Date Reported to Audit Committee
Finance – Tangible Capital Assets Management	4	1	1	2	50%	Jan-12	Jun-12
Finance – Procurement Card	6	0	4	2	33%	May-13	Jun-13
Totals	10	1	5	4	40%		

TABLE B – Summary of Outstanding Audit Recommendations as at August 31, 2013

Audit Report	Recommendation	Management response	Original due date	Current due date
Finance				
Tangible Capital Assets (TCA) Management	4.1 A. Finance TCA update the TCA Policy to (a) assign periodic inventory counts to Operational areas and (b) require Operational areas to create formal procedures manuals.	Done.	None	Done
	B. Finance TCA lead a project to help ensure Operations areas develop and maintain formal procedures manuals.	B. Procedure manuals are on schedule for completion by the end of Q4 2013.	Q4 2013	Q4 2013
	4.2 Finance TCA help to ensure: 1. C&HS and CS develop an inventory listing.	Done.	None	Done
	2. Operational areas develop timetables for periodic physical inventory counts.	Operational departments have committed to developing timetables by end of Q3 2013.	Q4 2012	Q3 2013
	3. Operational capital asset registries are reconciled to finance capital asset registry.	A plan has been developed and progress to be discussed at TCA meeting Q3 2013.	Q2 2013	Q3 2013
	4.3 Protocols should be developed to allow for consistent and relevant data attributes to be input into the Finance TCA registry.	Data attributes have been reviewed and changes identified to affected departments. Changes to be made by Q3 2013.	Q3 2013	Done

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.4 1. Review process associated with capitalization of vehicles with Transportation – Roads – Fleet. 2. Examine other vehicle purchases from 2011, and possibly 2010.	1. Transportation-Roads-Fleet has resumed proper processing and allocation of costs. 2. A review of 2011 vehicle purchases revealed $29,000 or 3% of costs were not included in the capital cost of vehicles for Transportation-Roads-Fleet.	None None	Done Done
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.	Management oversight will be extended to include 'random audits'. Procedures will be established in conjunction with Audit Services.	Q3 2013	Q3 2013
	4.2 Add a line to Procurement Card forms to require the authorizer to print their name.	Done	NA	Done
	4.3 Ensure card holders sign for their card to ensure they understand and agree to Regional purchasing card policies.	Done	Q2 2013	Done
	4.4 Department administrators should be reminded that failure to comply with purchasing card policy and procedures could result in card revocation.	Audit report was distributed to all attendees at the quarterly administrator meeting in June 2013.	Q2 2013	Done
	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.	The audit report was incorporated into the revised procedures – this exercise will be carried out every six months.	NA	Done

Audit Report	Recommendation	Management response	Original due date	Current due date
	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.	The source to settlement project is expected to be implemented over the next three to four years. Procurement card processes will be examined as part of this review.	Q2 2017	Q2 2017