

Information Report



Service Area	Office of the Chief Administrative Officer
Date	Friday, October 1, 2021
Subject	Status of Outstanding Management Action Plans Second Quarter 2021

Executive Summary

Purpose of Report

- As part of the City of Guelph's follow-up process, management provides regular updates on the status and progress of outstanding audit recommendations to Internal Audit.
- The objective of this report is to provide Council with an update on the progress of the implementation of management action plans as reported by management that were developed to address audit observations.

Key Findings

- As of June 2021, 92% of the audit recommendations with an implementation due date of June 30, 2021 or prior have been completed by management. This is a slight improvement from March 31, 2020 that reported 89% completed. A benchmark of 85-90% is considered a good closure rate.
- During this quarter, all of the 5 remaining open recommendations from the Court Services cash handling audit issued in 2019 were completed. Progress was also seen in the Payroll Process, Fuel Security and Systems, and Fleet Parts Inventory audits which all had multiple recommendations implemented.

Financial Implications

Implementation of audit recommendations could have financial implications, leading to a more effective governance, risk management and internal control environment.

Report

Details

Overview

As of June 2021, 334 recommendations were reported by management as complete, 25 that were due to be completed are in-progress, three recommendations not yet started (Attachment-1 Table 1). Of the 28 recommendations due and outstanding, there are 14 that are more than two years overdue and 14 that are overdue under two years (Attachment-1 Table 2) based on the original implementation due dates established by management.

The completion rate reported by management is 92% after deducting the six recommendations that have original implementation dates after June 30, 2021.

Analysis

Management provided the following updates by audit:

- One recommendation from the **Overtime Audit** remains open as work continues with Kronos on the time, attendance and scheduling system configurations in preparation for our more complex employee groups to move to self-serve. Delays in project work occurred due to a lack of support and resources from Kronos. Updated timelines for self-serve roll-out were finalized in the second quarter (Q2) 2021.
- The **Vendor/Payment Process Audit** outstanding audit recommendation relates to establishing management oversight of approved purchase change orders. We are looking to implement this recommendation in JDE when procurement functions are moved over from WAM to JDE. With the CMMS project moving ahead, we are expecting Procurement functions to move from WAM to JDE before end of the fourth quarter (Q4) 2022.
- The **Single Source Purchase** outstanding recommendations relate to Legal Services reviewing and updating City by-laws, policies and procedures related to clarifying delegation of authority, and presenting recommended by-law changes to Council. Both of the remaining items are underway and completion dates were revised and are now scheduled to be completed by Q2 2022. The original due date was Q2 2018 for both remaining recommendations.
- The **Payroll Process Audit** report issued in May 2018 included 76 recommendations. Improvements to processes and systems have been made and will continue, such as implementing the attendance management module in Kronos in the third quarter (Q3) 2021. As a result of a review of non-union comparators and position benchmarking, updates and inputs from this review may be required before finalizing the compensation policy. A decision by Council on recommendations is expected in September. Though a formal performance monitoring program will not be completed until all Kronos phases are implemented, additional data tracking tools have been developed and will be implemented in Q3 2021. The Kronos Attendance module will be implemented in Q3 2021 and will significantly improve the automation and efficiency of the Attendance Support program. Continued metric tracking will inform future enhancements and efficiencies. Items such as developing a business continuity plan and disaster recovery will move forward when all phases of the Kronos implementation are complete.
- The **Court Services Cash Handling** audit was completed in November 2019 and identified 28 recommendations. This quarter, the remaining five open items were completed and all audit recommendations have now been fully implemented.
- An audit of the **Employee Expense Process** was completed in April 2020 and identified 15 recommendations. To date 13 have been completed. To minimize the number of times that policy and procedure documents need to be changed, Finance staff are looking to align the revision of policies and procedures with

implementation of the new expense management solution. Finance Staff are currently working with the selected application vendor and are expecting to have the solution in place by end of Q3 2021. The revised policy and procedure will then be taken to ET for approval around the same time as the roll out of the expense management solution.

- Of the five remaining items within the **Fuel Security and Systems Audit**, staff have completed three of them this quarter. The remaining two objectives are currently underway and are on-track to be completed by Q4 2021.
- The **River Run Centre Cash Handling Audit** was issued in January 2019 with 47 recommendations made. To date 36 recommendations have been completed. According to Management, after the first phase of research and procedural change reviews, staff are now heading into the final stages of documenting this. COVID-19 has slowed the pace for implementation of this work as the facility is primarily closed, and key staff have been redeployed to other departments or areas of work as that was deemed a higher priority. Through 2020, staff adjusted implementation dates to the end of Q4 2021. As the facility opens in Q3 of 2021, staff still project to complete the outstanding recommendations by the end of Q4 2021.
- Of the 22 recommendations made in the **Fleet Parts Inventory Audit**, staff have completed 15 to date. Staff have completed an additional three objectives since our last report and are actively working on another three. The last objective, scheduled to commence later this year with completion in 2022 is still on track.
- One **Solid Waste Resource Audit** recommendation remains outstanding. The remaining recommendation deals with implementing contract management software within the Legal team. Meetings of the working group struck for the purpose of purchasing and maintaining contract management software resumed in Q4-2020 and continued throughout Q1 2021. It is anticipated that the working group will report back to ET by the end of Q3 2021.
- The **Project Management Process Audit** was issued in June 2019 with 30 recommendations. 28 recommendations have been completed to date. Management has stated the overall volume of work to implement the remaining recommendations was more than was originally estimated and required significantly more time to establish appropriate guidelines and implementation plans. As well, external factors related to the CMMS project to replace the purchasing system was delayed and hindered implementation.

Summary

The overall completion rate for Q2 2021 was 92% and a slight improvement from the first quarter (Q1) 2021 that reported 89% completed. Management and staff continue to work towards the completion of outstanding audit recommendations and the current completion rate is slightly better than our internal benchmark of 85%-90%.

Internal Audit encourages management and staff to continue striving to meet the target completion dates and Internal Audit will continue to support the departments in their efforts to implement audit action plans timely.

Financial Implications

Implementation of audit recommendations could have financial implications, leading to a more effective governance, risk management and internal control environment.

Consultations

Consulted with the Executive Team and Departmental General Managers.

Strategic Plan Alignment

This report supports the Strategic Plan – Working Together for our Future Priority. The update demonstrates management’s implementation of recommendations identified in prior audits that improve the effectiveness and/or efficiencies of governance, risk management and internal control processes.

Attachments

Attachment-1: Activity Summary & Aging of the Implementation of Recommendations

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