

# Information Report

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Service Area	Office of the Chief Administrative Officer
Date	Friday, May 29, 2020
Subject	<b>Status of Outstanding Management Action Plans– Q4-19</b>

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## 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 Committee of the Whole with an update on the progress of the implementation of management action plans as reported by management that were developed to address audit observations.
- Additional information related to recommendations that were due to be implemented on or before the period end date is provided as an attachment.
- Internal Audit will report to Committee of the Whole three times per year on management's progress in implementing agreed upon audit recommendations.

### Key Findings

- As of December 31, 2019, 88% of the audit recommendations with an implementation due date of December 31, 2019 or prior have been completed by management. This is an increase from June 30, 2019 that reported 77% completed.

### Financial Implications

N/A

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## Report

### Overview

As of December 31, 2019, 263 recommendations were reported by management as complete, 32 that were due to be completed are in-progress, 5 recommendations not yet started (Table 1). Of the 37 recommendations due and outstanding, there are 20 that are more than one year overdue and 17 that are overdue under one year (Table 2) based on the original implementation due dates established by management.

The completion rate reported by management is 88% after deducting the 18 recommendations that have original implementation dates after December 31, 2019 (Table 1).

## Analysis

- The one recommendation remaining from the **Use of External Consulting** audit was completed.
- The **Purchasing Card** audit had one outstanding audit recommendation related to updating and finalizing the Corporate Parking policy. This was completed during this quarter.
- There was one recommendation identified in the **Driver Certification Program Compliance Audit** done at Guelph Transit. This item was completed.
- The **Project Management Process Audit** was issued in June 2019 with 30 recommendations. 18 recommendations have been completed to date.
- The **River Run Centre Cash Handling Audit** was issued in January 2019 with 47 recommendations made. To date 27 recommendation have been completed.
- The outstanding **Overtime** audit recommendation relates to recommendations identified in the Kronos Optimization report. After review by management and agreement from Internal Audit, of the 39 recommendations made, 28 were deemed completed; 3 were identified as not relevant based on current processes in place and therefore closed; 1 was included as part of the Payroll Process audit, and 7 remained and have been identified individually as part of the Overtime audit follow up. The implementation due date has been revised to the fourth quarter 2020 by management from the original due date of fourth quarter 2014.
- The **Vendor/Payment Process Audit** outstanding audit recommendation relates to establishing management oversight of approved purchase change orders. Management has decided to accept the risk associated with not implementing a manual control process pending a new procurement system decision and implementation. The implementation due date has been revised to the fourth quarter 2020 by management from the original due date of second quarter 2018.
- 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 completion dates were revised and are now scheduled to be completed by the fourth quarter 2020. The original due date was second quarter 2018 for both remaining recommendations.
- The **Payroll Process audit** report issued in May 2018 included 76 recommendations. As of December 2019, 63 of 76 (83%) recommendations due to be implemented as indicated by management were completed. 2 recommendations scheduled to be completed by December 2019 have not yet commenced.
- The **Fuel Security and Systems Audit** has 5 outstanding audit recommendations. Revised implementation dates extend to Q3 2020 for 4 of the 5 remaining recommendations due to delays in system related implementations as reported by management.

- One **Solid Waste Resource Audit** recommendation remains outstanding. The remaining recommendation deals with implementing contract management software. The revised implementation date has been changed to third quarter 2020.

Table 1

Activity Summary								
As of December 2019								
Report Issue Date    Report Name	Total	Completed Prior To Current Period	Due by December 31 2019			Due After December 31 2019		
			Complete	In Progress	Not Started	Not Started	In Progress	
Corporate Services								
October 2013	Overtime	41	40		1			
February 2016	Purchasing Card	10	9	1				
June 2014	Use of External Consulting	4	3	1				
May 2017	Vendor Payment Process	52	51		1			
October 2017	Single Source Purchase	20	18		2			
May 2018	Payroll Audit	76	32	31	11	2		
Public Services								
January 2017	Fuel Security and Systems	21	13	3	5			
January 2019	River Run Centre Cash Handling	47	11	16	9	2	2	7
June 2019	Driver Certification Program Compliance Audit	1	1					
Infrastructure, Development and Enterprise Services								

## Activity Summary

As of December 2019

Report Issue Date   Report Name		Total	Completed Prior To Current Period	Due by December 31 2019			Due After December 31 2019	
				Complete	In Progress	Not Started	Not Started	In Progress
June 2016	Solid Waste Resource	16	15		1			
June 2019	Project Management Process	30		18	2	1	4	5
<b>Total Count</b>		<b>318</b>	<b>193</b>	<b>70</b>	<b>32</b>	<b>5</b>	<b>6</b>	<b>12</b>

<b>Aging of the Implementation of Recommendations</b> <b>(due as of December 2019)</b>				
<b>Audit Report Name</b>	<b>Total Recommendations Outstanding</b>	<b>Overdue Less Than a Year</b>	<b>Overdue Between One to Two Years</b>	<b>Overdue Over Two Years</b>
Overtime	<b>1</b>			1
Vendor Payment Process	<b>1</b>		1	
Single Source Purchase	<b>2</b>		2	
Payroll	<b>13</b>	3	10	
Fuel System & Security	<b>5</b>		4	1
Solid Waste Resource	<b>1</b>			1
River Run Centre Cash Handling	<b>11</b>	11		
Project Management Process	<b>3</b>	3		
<b>Total</b>	<b>37</b>	<b>17</b>	<b>17</b>	<b>3</b>

## Summary

The overall completion rate for the fourth quarter 2019 was 88% up from June 30, 2019 that reported 77% completed. Management and staff continue to work towards the completion of outstanding audit recommendations.

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 actions plans timely.

## Financial Implications

N/A

## Consultations

Consulted with the DCAOs and Departmental Management regarding the supplemental information.

## **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- Supplemental Information

## **Departmental Approval**

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