



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

File: F00
Pending #:

TO: FINANCE AND CORPORATE SERVICES COMMITTEE

PREPARED BY AND KEY CONTACT: S. MACGREGOR, DIRECTOR OF INTERNAL AUDIT EXT# 5452

SUBMITTED BY: S. MACGREGOR, DIRECTOR OF INTERNAL AUDIT

GENERAL MANAGER APPROVAL: N/A

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

DATE: JANUARY 21, 2020

SUBJECT: 2019 4TH QUARTER INTERNAL AUDIT STATUS REPORT, SUMMARY OF 2019 INTERNAL AUDIT ACTIVITY AND 2020 INTERNAL AUDIT WORKPLAN

WARD: ALL

RECOMMENDED MOTION

1. That the 2019 4th Quarter Internal Audit Status Report be received as information.
2. That the Summary of 2019 Internal Audit Activity attached as Appendix “D” to the Report to the Finance and Corporate Services Committee dated January 21, 2020 be received as information.
3. That the Internal Audit Work Plan for 2020 attached as Appendix “E” to the Report to the Finance and Corporate Services Committee dated January 21, 2020, be approved.

PURPOSE & BACKGROUND

4. The purpose of this staff report is: to provide the 2019 4th Quarter Internal Audit Status Report, to provide a summary of all 2019 Internal Audit activity as required by the Internal Audit Charter, and to approve the Internal Audit work plan for 2020.
5. The following report provides a summary of the Internal Audit activities performed from October to December 2019:

#	Project	Focus	Status
1	Audit and Accountability Fund Service Delivery and Modernization Review	Project Facilitation	Complete
2	Stores	Follow Up	Complete
3	IT Service Desk	Follow Up	Complete
4	ROWA Cash Handling	Process Review	Complete



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#	Project	Focus	Status
5	Stores Inventory Counts	Compliance	Complete
6	Procurement	Follow Up	In progress
7	Fraud & Wrongdoing Program Oversight	Consulting	Ongoing

6. In addition to the projects noted above, Internal Audit provided ad hoc consultations with departments and initiated 4 confidential investigations.
7. The project in progress will be included in the next Internal Audit update to the Finance and Corporate Services Committee.

ANALYSIS

AUDIT AND ACCOUNTABILITY FUND SERVICE DELIVERY AND MODERNIZATION REVIEW

Background

8. On May 12, 2019, the Province announced the creation of a \$7.35 million Audit and Accountability Fund for large urban municipalities and district school boards interested in conducting line by line reviews with the goal of identifying potential savings while protecting important front-line services.
9. On August 8, 2019, the City received notification that it was successful in its submission to the Province for funding up to \$200,000 towards the cost of retaining an independent third party to conduct a review and deliver a final report to the City with specific and actionable recommendations for cost savings.
10. The City identified the following business areas for the review:
 - a) Railway Operations;
 - b) Marina Operations;
 - c) Venues; and
 - d) Special Events.

Objective

11. To facilitate the independent third party service delivery and modernization review of the identified business areas.

Methodology

12. The following activities were performed:
 - a) Gathering of information from identified business areas to fulfill information requests;
 - b) Meetings with the independent third party to clarify scope of review, status of work, and outstanding items;
 - c) Meetings with management and staff in the identified business areas; and
 - d) Updates to City leadership on the status of the project.



Findings

- 13. A final report from the independent third party was posted publicly by the City on November 21, 2019.
- 14. The report identified 24 actionable recommendations with potential annualized cost savings of approximately \$500,000 if the City is able to implement all of the opportunities identified.
- 15. The Executive Management Team will review the recommendations and report to Council with proposed actions at a later date.
- 16. The project was completed prior to the Province's deadline of November 30, 2019 and within the \$200,000 funding approved by the Province.

STORES FOLLOW UP

Background

- 17. Internal Audit completed a review of the Stores function in 2017. The findings, observations and recommendations from the review were presented to the Finance and Corporate Services Committee on September 26, 2017. There were nine recommendations made related to the following areas:

Area	# Recommendations
Operations	4
Financial Reporting	2
Physical Security	1
Policies and Procedures	2
Total	9

- 18. Internal Audit performed a follow up review to assess the status of the recommendations to ensure that appropriate and timely actions had been taken by the business.

Objective

- 19. Assess the status of the recommendations from the Stores review performed in 2017.

Methodology

- 20. The following activities were performed:
 - a) Meetings with Supervisors of Stores at the Operations Centre and Water locations;
 - b) Review of updated procedures documentation; and
 - c) Walkthrough of Stores facilities.

Conclusion

- 21. The Roads, Parks and Fleet and Water Operations branches are in the process of implementing recommendations for the Stores operations made by Internal Audit in the 2017 review. Four of the nine recommendations have been addressed and the remaining five recommendations are in various stages of completion which we will continue to monitor until they are achieved.



Findings

- 22. Appendix "A" contains the first three columns originally reported in the 2017 report along with a fourth column which includes Internal Audit's follow up comments.

IT SERVICE DESK FOLLOW UP

Background

- 23. The Service Desk review for the Information Technology ("IT") Department was completed in 2018. The findings, observations and recommendations from the review were presented to the Finance and Corporate Services Committee on February 28, 2018. There were twelve recommendations made related to the following areas:

Area	# Recommendations
Operations	6
Training and Communication	4
Policies and Procedures	2
Total	12

- 24. Internal Audit performed a follow up review to assess the status of the recommendations to ensure that appropriate and timely actions had been taken by the business.

Objective

- 25. Assess the status of the recommendations from the IT Service Desk review performed in 2018.

Methodology

- 26. The following activities were performed:
 - a) Meeting with Service Desk Supervisor; and
 - b) Review of updated documentation.

Conclusion

- 27. The Service Desk has implemented eight of the twelve recommendations made by Internal Audit in the 2018 review. The remaining four recommendations are in various stages of completion which we will continue to monitor until they are achieved.

Findings

- 28. Appendix "B" contains the first three columns originally reported in the February 28, 2018 report along with a fourth column which includes Internal Audit's follow up comments.



ROWA PAYMENT HANDLING REVIEW

Background

- 29. In connection with a broader corporate-wide cash handling project, a review of Right of Way Activity (ROWA) payment handling practices was completed to assess if processes and controls are sufficient and whether efficiencies can be gained to improve operations.
- 30. ROWA staff collect, handle and manage payments received from residents and businesses for permits and security deposits at the Operations Centre ROWA service counter. Recently, the receipt of cash payments was eliminated from ROWA but other payments continue to be received by the business.

Objective

- 31. The objective of this review was to understand the sources of payments handled by ROWA and the procedures followed by staff to serve customer needs and safeguard City employees and assets.

Methodology

- 32. The following activities were performed:
 - a) Meetings with ROWA staff and management;
 - b) Tour of the ROWA operating facility;
 - c) Review of payment processing related documentation; and
 - d) Observation of payment handling.

Findings

- 33. Observations identifying areas for improvement, recommendations and management's response are summarized in Appendix "C". The recommendations relate to the following areas:

Area	# Recommendations
Operations	4
Physical security	2
Policies and procedures	1
Total	7

Conclusion

- 34. ROWA currently lacks appropriate procedures and controls to effectively receive payments at the Operations Centre. The implementation of recommendations related to operations, physical security and formalizing payment handling procedures will improve the effectiveness of controls to safeguard City employees and assets.



INVENTORY COUNT OBSERVATION

Background

35. In 2017, Internal Audit attended the annual inventory counts performed by the Storespersons to provide independent observation of the process. Given the City’s conversion of its financial system to SAP in 2019, Stores requested that Internal Audit attend the counts in 2019.

Objective

36. The objective of this review was to observe the inventory count process and confirm the physical quantities for a sample of items on hand compared to counts performed by Stores in the year-end inventory procedures.

Methodology

- 37. The following activities were performed:
 - a) Review of the inventory listings for both Stores locations;
 - b) Selected a sample of inventory items to assess whether quantities on hand agreed to the quantities counted by Stores;
 - c) Confirmation of the physical quantities of the selected samples; and
 - d) Discussions with Storespersons regarding the inventory counts.
- 38. Inventory valuation was not confirmed or assessed during the inventory observation.

Findings

- 39. No significant variances in quantities were identified in the sample of items tested at the two Stores locations.
- 40. The dollar value of inventory items tested by Internal Audit and the percentage of items tested relative to the total inventory value is set out below:

	Stores A (Operations Centre)		Stores B (Water Operations)		Total	
	2018	2019	2018	2019	2018	2019
\$ Value of inventory	\$187,433	\$162,084	\$588,967	\$779,131	\$776,400	\$941,215
\$ Value of items tested	\$102,394	\$71,562	\$161,414	\$215,452	\$263,808	\$287,014
% of inventory tested	55%	44%	27%	28%	34%	31%

Conclusion

41. The physical inventory count procedures are working effectively at both Stores locations. In addition, consistent with the prior year, we note that the physical quantities on hand were substantially in agreement with the quantities recorded in SAP which supports the accuracy of Stores’ management of inventory movements at both Stores locations.



SUMMARY OF 2019 INTERNAL AUDIT ACTIVITY

- 42. The Internal Audit Charter states that Internal Audit will prepare an annual report to the Finance and Corporate Services Committee summarizing all activity for the previous year showing the status of work against the approved plan.
- 43. A summary of the 2019 Internal Audit activity is attached in Appendix "D".

INTERNAL AUDIT WORKPLAN FOR 2020

- 44. The Internal Audit work plan for 2020 included in Appendix "E" has been developed from the identification of risk areas by the Director of Internal Audit with input from the Executive Management Team (EMT), the Acting Chair of the Finance and Corporate Services Committee, and the Mayor.
- 45. There is flexibility in the work plan to allow Internal Audit to address projects that may arise during the year as requested by Council or EMT.

ENVIRONMENTAL MATTERS

- 46. There are no environmental matters related to this Staff Report.

ALTERNATIVES

- 47. The following alternative is available for consideration by the Finance and Corporate Services Committee:

Alternative #1 The Finance and Corporate Services Committee could not approve the proposed 2020 Internal Audit work plan.

This alternative is not recommended as the proposed plan was prepared to prioritize projects which will meet the strategic objectives of Council and address identified risk areas. The Committee could decide to add/delete/replace projects from the proposed work plan understanding that the plan was prepared with input from EMT, the Mayor, and the Acting Chair of Finance and Corporate Services.

FINANCIAL

- 48. There are no immediate financial implications for the Corporation related to this Staff Report.



LINKAGE TO 2018-2022 STRATEGIC PLAN

49. The information included in this Staff Report supports the following goal identified in the 2018-2022 Strategic Plan:
- Offering innovative and citizen driven services
50. Implementation of the recommendations identified in the Internal Audit projects will achieve enhanced processes and controls to protect the City's assets as well as increase efficiency in the delivery of services to make tax dollars go further.



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Appendix “A” – Stores Observations, Recommendations, Management Response and Follow Up

Observation	Recommendation	Management Response	Follow Up December 2019
<p>1. Reporting structure</p> <p>Storepersons currently report to the Finance department, through Purchasing, but work functionally with the departments where they are physically located (Roads, Parks & Fleet and Water Operations).</p> <p>Certain tasks performed by Storepersons relate to operational areas supported but there is no formal reporting to operations.</p> <p>The current process for the approval of Stores purchases is inconsistent between the two Store operating locations as specified by different departments.</p> <p>Storepersons are not fully integrated with the operational areas where they reside and support.</p>	<p>Implement direct reporting for Stores to the operational departments it supports and dotted line reporting for Stores to Purchasing which will provide support for procurement practices and requirements.</p> <p>Reporting directly to the departments where Storepersons are physically located, and to which they support, will increase connectivity and allow greater integration of Stores with operations.</p>	<p>Operational Department Responses: Agreed – but caution that in order to achieve the optimum outcome, such things as job description changes both for those directly connected to Stores and to other existing departmental positions expected to provide coverage and support to Stores must be altered.</p> <p>Process for approvals should become common - but perhaps this should be preceded by the implementation of SAP to avoid too many repetitive alterations.</p> <p>Finance Response: The recommended model will allow for better utilization of the Stores staff for the operating departments. As well, the dotted line report to Purchasing will allow for opportunities to continue to support Stores.</p> <p>Responsibility for implementation of recommendations: Joint responsibility between Operational departments and Finance</p>	<p>Status: Complete</p> <p>Storeperson positions now report directly to the departments which they support and where they are physically located with dotted line reporting to Purchasing.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>2. Valuation of inventory</p> <p>Inventory in the financial statements is potentially understated as supplies and materials held by departments outside the Stores function are not consistently recorded as inventory.</p> <p>Currently in Great Plains, supplies and materials purchased are expensed immediately and then the remaining inventory asset value, if any, is adjusted to actual at year end when an inventory count is performed.</p>	<p>Determine the quantity and dollar value of inventory maintained by departments outside of the Stores function.</p> <p>Assess the impact of the value determined for inventory held outside of Stores on the financial reporting for the City.</p>	<p>Operational Department Responses: Ultimately, all inventory should be properly accounted for.</p> <p>The process for this should be as automated as practicable before attempting to do so.</p> <p>Finance Response: The recommended motion will help to improve the accuracy of financial information, and potentially provide savings through more efficient management of inventory across all operating departments.</p> <p>In order to be successful, it is recommended that a project team be put together, led by an appropriate project manager. With current work plans, including implementation of an ERP, resourcing this initiative could be a challenge in the immediate term. However, the finance department will support this initiative.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: Not Started</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>3. Inventory held outside of Stores</p> <p>There is no formal requirement for departments to utilize the Stores function.</p> <p>Staff use PCards to procure goods directly in addition to, or instead of, using the Stores function.</p> <p>Departments do not have consistent processes and controls to manage and monitor inventories maintained outside the Stores function.</p>	<p>Assess the benefit of formalizing a requirement for departments to utilize Stores for the purchase of commonly used goods.</p> <p>For all inventories maintained outside the Stores function, develop processes and controls for the management of inventory to ensure departments can readily monitor and manage their inventory as well as assess the quantity and dollar value of goods on hand.</p>	<p>Operational Department Responses: While the Stores function should be the primary method of obtaining goods and services necessary to provide requisite service, the other options (P-Card) should be retained to enable nimbleness of necessary requisite service response for things that would only be delayed with normal Stores involvement – but the inventory reporting aspects should cover all procurement methods.</p> <p>Finance Response: See Finance answer above.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: In Progress</p> <p>Management has communicated to staff the benefit of using Stores and is reviewing items currently purchased on PCards that could potentially be obtained through Stores.</p> <p>Additional items have been brought into inventory at the Stores locations since the time of the initial review.</p> <p>Processes and controls have not yet been developed for the management of inventory maintained by the businesses outside Stores.</p>
<p>4. Availability of specific inventory</p> <p>The existing Stores inventory does not meet all user preferences/needs.</p> <p>Goods needed for operations that are not maintained by Stores are purchased by the departments directly.</p>	<p>Initiate discussions between Storespersons and departments to specify and review inventory required that is not currently in Stores inventory for future inclusion in Stores.</p>	<p>Operational Department Responses: Again, all inventory should be properly accounted for – once our processes are adequately automated.</p> <p>Finance Response: See Finance response above.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: In Progress</p> <p>Management are encouraging staff to review Stores inventory to assess available items and request additional items if not currently stocked.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>5. Operating hours</p> <p>Current operating hours for Stores do not consistently align with the needs of operational departments it supports.</p>	<p>Initiate discussions between Stores and operational departments to determine options for access required to meet the needs of users.</p>	<p>Operational Department Responses: Operating hours and retrieval opportunities/availability should be designed with Operational requirements being the paramount driver.</p> <p>Finance Response: Agree with the recommendation. Having Stores report directly to the operating departments will facilitate this opportunity.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: In Progress</p> <p>Management at both Stores locations are in the process of implementing controlled after-hours access to Stores.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>6. Inventory counts</p> <p>Inventory is counted once a year by Storepersons who are not independent of the ongoing management of the inventory.</p>	<p>Internal Audit should perform testing of the inventory counts performed by Storepersons, and any additional inventory held by the City outside of Stores, to provide an independent assessment of the completeness and accuracy of the inventory.</p>	<p>Operational Department Responses: Inventory evaluation should be done in a competent and auditable fashion – employing current technologies to improve speed, accuracy and confidence.</p> <p>Finance Response: Agree with recommendation. The independent oversight will achieve the objective of improved accuracy, as well as an additional level of internal control.</p> <p>Responsibility for implementation of recommendations: Operational departments and Internal Audit</p>	<p>Status: Complete</p> <p>Internal Audit staff have attended both Stores locations inventory counts in 2017, 2018 and 2019 to test the accuracy of quantities of inventory on hand.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>7. Physical security</p> <p>Physical security in the Stores warehouse can be improved.</p>	<p>Review the physical security for stock held by Stores to ensure a consistent level of security for inventory held at both Stores locations.</p>	<p>Operational Department Responses: Stores physical security must be robust and competent – but should recognize the “raison d’etre” for Store existence and that is to provide timely efficient service to Operational service needs – for failing that there is no reason to have Stores.</p> <p>Finance Response: Agree with recommendation.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: Complete</p> <p>Management of both Stores locations have reviewed and improved physical security and restricted access to Stores.</p>
<p>8. Non-inventory items</p> <p>“Non-inventory” items are goods or materials in Stores that are used by various departments and then charged back to individual departments based on actual usage. Examples include: power equipment, traffic cones, hand tools, Personal Protective Equipment (PPE).</p> <p>“Non-inventory” items are not recorded in Great Plains which results in less clarity for the tracking of these supplies and materials.</p>	<p>When SAP goes live, non-inventory items can be recorded in inventory which would address this observation.</p> <p>Until SAP goes live, the non-inventory items should be assessed to determine whether manual tracking of quantities and inventory values throughout the year would be advantageous to departments or Finance.</p>	<p>Operational Department Responses: In favour, provided that the SAP provides for this to be done with ease and doesn’t create “busy work” without benefit.</p> <p>Finance Response: Agree with recommendation.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: Complete</p> <p>Non-inventory items at the Operations Centre Stores have been set up using a tool crib function within SAP.</p> <p>Due to the small number of non-inventory items at the Water Stores location, they are tracked manually by Stores.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>9. Policies and procedures</p> <p>While general guidance exists, formalized and documented policies and procedures for the operation of the Stores function do not exist.</p>	<p>Formalize and communicate documented procedures for the operation of the Stores function which will define responsibilities and clarify expectations for staff.</p>	<p>Operational Department Responses: Absolutely agree that Roles, Responsibilities and Expectations should be clearly defined in a fashion that can be monitored and evaluated.</p> <p>Finance Response: Agree with recommendation.</p> <p>Responsibility for implementation of recommendations: Operational departments</p>	<p>Status: In Progress</p> <p>The Storesperson job description has been re-evaluated through Human Resources which defined responsibilities for staff.</p> <p>Work is underway to complete the documentation of Stores procedures.</p> <p>The Stores function is now managed by two different business areas. As a result, policies and procedures may start to differ based on the unique needs of each operating area.</p>



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Appendix “B” – IT Service Desk Observations, Recommendations, Management Response and Follow Up

Observation	Recommendation	Management Response	Follow Up December 2019
OPERATIONS			
<p>1. Scope of services provided There are high instances of account administration requested of the Service Desk.</p> <p>There is a willingness and desire from the Service Desk to take on additional technology support responsibilities.</p>	<p>Assess the ability to provide Office Coordinators with access to perform account administration tasks for their departments.</p> <p>Consider whether support for other IT areas (i.e. applications, phones) can be administered by the Service Desk.</p>	<p>Agreed – components of this are included in scope of an upcoming Onboarding improvement Sprint session. This is included in our self-serve strategy and action plan.</p> <p>Agreed – Mobile support will fall under the Service Desk, and a more active role with print services will be taken with the planned PaperCut printer usage reporting deployment (training and knowledge transfer will be required for both).</p>	<p>Status: In Progress</p> <p>Improvements are in progress to employee on-boarding which should reduce administrative requests to the Service Desk.</p> <p>Additional IT areas continue to be assessed for potential Service Desk support.</p>
<p>2. Prioritization and categorization of incidents Incidents may not consistently be prioritized and categorized by the Service Desk which impairs the ability to identify trends and resolution protocols.</p>	<p>Consider methods of differentiating “incidents” and “service requests” reported to the Service Desk to consistently assess the appropriate priority and resolution.</p> <p>Conduct periodic assessments of priority and category assignment to ensure consistency amongst specialists and with the Service Level Agreement.</p> <p>Assess whether RemedyForce can be leveraged further to assist with prioritization and categorization of incidents and resolution.</p>	<p>Agreed – a Service Desk process review, which will build on Internal Audit’s review, is already underway following the InfoTech framework and methodologies used by the City.</p> <p>Communication and on-going training will be conducted to ensure consistency.</p>	<p>Status: In Progress</p> <p>Working on a relaunch of the self-help portal which will include new automations, forms and workflows that will distinguish between incidents and service requests.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>3. Ticket closure Tickets are closed by the Service Desk without confirmation from the ticket initiator that the concern has been addressed.</p>	<p>Implement a protocol where tickets are not closed until confirmation of resolution from the initiator has been received.</p>	<p>Agreed. To be included in the above mentioned Info Tech process review and changes.</p> <p>A deeper review of this is recommended as circumstances may make it desirable to close tickets that are no longer relevant. Always recommend communicating to the initiator but may just be notification.</p>	<p>Status: Complete</p> <p>This is an on-going process improvement initiative for the Service Desk.</p> <p>Staff will enforce the submission of tickets through the online system in order for IT staff to respond to the submitter and track status of tickets via software.</p>
<p>4. Operating hours The current Service Desk operating hours do not meet the needs of all City staff.</p>	<p>Consider the ability to further extend coverage of the Service Desk to address needs of staff who work non-standard hours (i.e. 7am to 6pm).</p>	<p>Agreed. Have asked bargaining team to include extended hours of work in the upcoming bargaining.</p> <p>Also piloting a part-time temp position to cover some evenings and weekends</p>	<p>Status: Complete</p> <p>Operating hours have been extended to 8:00 AM to 4:30 PM based on a review of requests over the past 3 years.</p> <p>The 2020 budget includes a new part-time after hours Service Desk resource which will be deployed as best suited for departments.</p>
<p>5. Onsite support High users of the Service Desk are physically located outside of City Hall. Currently, the Service Desk does not consistently attend work locations outside City Hall.</p>	<p>Establish regular attendance at off site staff locations to provide IT support for ongoing technology needs of staff.</p>	<p>Agreed. A rotating schedule will be coordinated with the larger sites to have a Service Desk presence on a regular basis.</p>	<p>Status: Complete</p> <p>A three month pilot was completed with Service Desk staff working at different City locations each week.</p> <p>Based on the results of the pilot, schedules will be created for Service Desk staff days at the Operations Centre and Surface Water Treatment Plant.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
<p>6. Standardized forms The User Maintenance and Departure Forms require updating.</p>	<p>Review the User Maintenance and Departure Forms to assess additional information required by the Service Desk to action as well as to update for organizational changes (such as department restructuring).</p> <p>Consider the creation of guidance to accompany the Forms to assist staff in the completion.</p>	<p>Agreed – included in scope of the upcoming Onboarding improvement Sprint session.</p>	<p>Status: Complete</p> <p>Forms for user maintenance and departure been reviewed and updated. A new form, workflow and guidance will be also available on the relaunched self-help portal.</p>
TRAINING			
<p>7. Training for Service Desk staff Due to the high volume of tickets received for support, the Service Desk specialists complete limited external training/development to stay current with technology trends and issues to support City staff.</p>	<p>Implement targets for professional development for Service Desk specialists which can be incorporated into their annual performance assessment.</p>	<p>Agreed.</p>	<p>Status: Complete</p> <p>Professional development targets have been implemented and training curriculum has been established for staff.</p>
<p>8. Training for City staff Opportunities for the Service Desk to deliver training to City staff regarding technology issues/developments exist.</p>	<p>Consider a pilot program to gauge level of interest in offering education sessions and/or tools to assist City staff with commonly reported issues, trends in technology that may be of interest and reduce the need for certain common areas of support.</p>	<p>Agreed – Lunch and learns and perhaps monthly 101 type classes.</p> <p>Also expand Knowledge Base articles (including short videos) for self-serve options which will also be valuable for security awareness as well.</p>	<p>Status: In Progress</p> <p>Security training was deployed corporately to combat the effects of phishing and viruses.</p> <p>The development of video clips and informative links is in progress to address frequently asked questions in the relaunched self-help portal.</p>



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<p>ASSET MANAGEMENT</p> <p>9. IT assets There are instances where staff depart the organization and the Service Desk is not notified and technology assets are not returned to the Service Desk.</p>	<p>Communicate and clarify to departments their requirement upon staff departures to ensure that the Service Desk is notified and technology assets are returned.</p> <p>During monthly checks of assets performed by the asset coordinator, ensure assets are accurately recorded and allocated to active employees. Resolve any inconsistencies and update RemedyForce on a timely basis.</p> <p>Assess the ability to maintain a full inventory of all IT technology assets in one tool to allow for a complete record of all assets for which the Service Desk is responsible.</p>	<p>Agreed. Asset Management review already underway following the InfoTech framework and mythologies.</p>	<p>Status: Complete</p> <p>The Service Desk worked with Human Resources to ensure assets are collected when there is a staff departure.</p> <p>The Asset Coordinator position has been converted to a Service Desk Specialist. Staff now utilize monthly employee reports received from Human Resources to redeploy assets and maintain asset lists.</p> <p>Options have been, and will continue to be, assessed for a tool that will allow for a complete record of all assets. There are cost implications to such a tool so staff are still assessing viable options for the City.</p>



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Observation	Recommendation	Management Response	Follow Up December 2019
COMMUNICATION			
<p>10. Communication There may be limited communication from the Service Desk to a ticket initiator as to the status and estimated timing of completion.</p>	<p>Assess means of communicating with ticket initiators as to the status of the ticket and challenges, if any, in resolving.</p>	<p>Agreed – Increased communication and visibility are part of the requirements for the InfoTech process review.</p> <p>We will review the format and method of communicating.</p>	<p>Status: Complete</p> <p>Corporate e-mail notices have been re-designed and a specific notice has been created for “information” communications.</p> <p>Staff encourage the submission of tickets though the online system in order the Service Desk to respond to the submitter and track status of tickets via software.</p>
<p>11. IT department integration The Service Desk sits on a different floor than the areas of IT that also work to address tickets.</p> <p>Communication between the Service Desk and other areas of IT can be improved.</p>	<p>Assess the ability to physically locate the Service Desk with the other IT areas with whom it works with to address ticket resolution.</p> <p>Identify opportunities to integrate representatives from the Service Desk in meetings held in the IT department to encourage collaboration and sharing of knowledge/developments.</p>	<p>Agreed – City Hall spacing constraints do not allow for this currently. This has been communicated to Facilities for consideration in future planning for space at City Hall.</p> <p>Agreed – Include in Change Management Request meetings and have representative from Service Desk attend periodic branch meetings.</p>	<p>Status: Complete</p> <p>Various initiatives have been undertaken to integrate Service Desk staff with different functional areas in the IT department.</p> <p>Planning is underway for additional information sharing initiatives in the new year.</p>
POLICIES AND PROCEDURES			
<p>12. Standardized protocols Formalized support and escalation protocols for incidents received by the Service Desk do not exist to establish the responsibilities for all areas of IT involved in the resolution. Standard responses to ticket resolution do not currently exist.</p>	<p>Develop standard protocols for responses to tickets which also clarify responsibilities of the Service Desk and other areas of IT.</p>	<p>Agreed – standard protocols for escalation and responses are part of the requirements for the InfoTech process review.</p>	<p>Status: In Progress</p> <p>Evaluation of job responsibilities is in progress and will be integrated with the development of standard protocols for response to tickets.</p>



Appendix “C” – ROWA Service Desk Observations, Recommendations and Management Response

Option A: Eliminate payment handling responsibilities at ROWA

Observation	Recommendation	Management Response
<p>1. Ineffective workspace to accept payments from customers</p> <p>The ROWA function currently operates with limited staff in a physical environment which is not effective for receipt of customer payments.</p>	<p>Continue discussions regarding transferring payment handling responsibilities to Service Barrie to eliminate receipt of customer payments by ROWA staff.</p> <p>ROWA staff can still retain customer permitting activities for transactions while Service Barrie accepts customer payments.</p>	<p>Recognizing that the current environment is not effective to receive payments and the majority of customer interactions are being directed to Service Barrie and/or self-serve online functions, it would seem a natural and acceptable progression to work towards aligning the ROWA service counter in the same ways.</p> <p>By removing the customer payment interactions, ROWA staff would have additional time needed to focus on the technical functions of their roles.</p> <p>Staff will continue discussions with Service Barrie and develop a formal process that allows applicants to pay for and pick up ROWA permits at Service Barrie.</p>

Option B: ROWA retains payment handling responsibilities

Observation	Recommendation	Management Response
<p>1. Safeguarding of assets Security over payments received needs to be implemented.</p>	<p>Investigate the option to build a permanent customer service counter in a more public facing area of the Operations Centre.</p> <p>Review ROWA payment handling procedures for enhancements to increase staff safety.</p> <p>Provide communication and training to staff regarding expected staff response to robbery or hold up situations.</p> <p>Implement physical security measures to protect the payments handled by ROWA staff.</p>	<p>As the last customer service function operating out of the Operations Centre, finding a more public facing area does not seem viable as other locations in the Operations Centre are less accessible than the current location (stairs without an elevator).</p> <p>Staff will examine procedures to increase safety to staff however if the current service counter is not moved or upgraded then staff safety will remain less than favorable.</p> <p>Training can be provided to staff for robbery and/or hold up situations however the current service counter location will continue to present challenges.</p>



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Observation	Recommendation	Management Response
	Formalize and document the process for reconciliation of payments.	Staff will seek to formalize and document processes around cash handling. Final comment – all of the above recommendations require significant effort to implement and as the last publicly accessible service at the Operations Centre (which has limited accessibility), it would likely be more effective to look to transfer responsibility of cash handling to a group that is already suitably equipped and trained to deal with the cash handling process (Service Barrie).
<p>2. Point of Sale System All transactions are processed manually which is time consuming, prone to error and does not provide transactional reporting.</p>	<p>Assess options for a point of sale system that will allow for reporting and receipting for ROWA permits issued and integrate with the City's financial system.</p> <p>Continue to work with the APLI team to assess the ability to facilitate online fee payments.</p>	<p>A new POS system is likely to be costly and require additional training and/or reconfiguration of current process.</p> <p>APLI system will accept online payments (currently limited to \$5,000 however the City is looking at options to increase this). Once APLI comes online it is anticipated that the majority of high volume customers will move to that platform which also somewhat removes the cash handling responsibilities from ROWA (this also reduces the burden of transferring remaining cash handling responsibilities to Service Barrie)</p>
<p>3. Daily payment processing and reconciliation Payments received are not processed or reconciled on a timely basis.</p>	<p>Complete the payment receipt process on a daily basis.</p> <p>Implement a reconciliation process to validate that payments receive reconcile to the permits issued and security deposits received.</p>	<p>Currently, the ROWA permit system requires additional report functionality to better facilitate reconciliations. Staff will work with the new APLI system to ensure reconciliation / end of day reports are readily available and appropriately reviewed.</p>
<p>4. Lack of segregation of duties A lack of segregation of duties exists since the responsibilities for receipt of payments are not segregated from recording transactions,</p>	<p>Define and formalize the payment handling and approval responsibilities between different staff which will minimize the risks of errors and decrease the opportunity for fraudulent activity.</p>	<p>ROWA staffing is limited to three persons, each with the same role and responsibility, Supervisor is primarily located in a separate building. Segregation of duties is difficult without creating a new position. Changes coming to the organizational structure will help to alleviate this as the new</p>



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Observation	Recommendation	Management Response
and completing the daily balancing and bank deposit.	Identify a separate staff member who can perform the incompatible duty (receive payment, record transactions and daily balancing) so that the payment handling responsibilities are segregated. Provide training on payment handling responsibilities.	Supervisor will be located on site as well roles and responsibilities are being reviewed and job description updated as needed to ensure responsibilities are clearly documented and appropriate segregation of duties is achieved.
5. Monitoring and review There is no formalized monitoring and review of the completeness and accuracy of payment financial reporting.	Formalize the monitoring and reconciliation of funds received to include independent verification of the completeness and accuracy. Assess the ability to align the financial general ledger structure with ROWA activities to facilitate monthly reconciliation of revenues.	Regular review by an independent team could be possible if Finance or other body is able to provide this service. APLI configuration is looking at aligning permit system to general ledger structure to help provide more accurate evaluations of revenues.
6. Policies and procedures While general practices are in place, formalized and documented policies and procedures for payment handling and security deposit refunds do not exist.	Formalize and communicate documented procedures over payment handling and security deposit refunds which will define responsibilities and clarify expectations for staff.	Staff will review and set in place procedures according to current and best practices. Input from other departments with similar customer service counters will be critical to ensuring a consistent customer experience.



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Appendix “D” – 2019 Summary of Internal Audit Activity

#	Project	Area	Audit Focus	Status
1	Monitoring of Incidents – review the efficiency and effectiveness of the City’s monitoring and related response to incidents on City property.	Organization wide	Process Review	Complete
2	Water Billing – evaluate the adequacy and effectiveness of the processes and controls in place over water billing and collection.	Finance/Water	Controls	Complete
3	SAP – pre-implementation assessment of data migration and segregation of duties for the Finance and Human Resources SAP functions.	Centre for Continuous Improvement	Controls	Complete
4	Payroll – review of the adequacy and effectiveness of internal controls related to payroll processing.	Human Resources	Controls	Complete
5	Emergency Services Campus – provide support to the City project team to assess the effectiveness of controls over project payments by exercising the City’s right to audit.	Facilities	Consulting	Complete
6	Development –review of the processes and controls related to the implementation, recordkeeping, monitoring and effectiveness of development and related agreements in the secondary plan areas and the built boundary.	Development Services	Process Review	To 2020
7	Parking – review of the efficiency and effectiveness of revenue generating parking lots operated by the City.	Roads	Process Review	Deferred (note 1)
8	Follow Up Procurement - assess the status of recommendations from the review performed in 2017.	Finance	Follow Up	In progress
9	BMC Third Party Contract – monitor and assess third party contractual compliance by exercising the City’s right to examine records.	Recreation Services	Compliance	To 2020
10	Community and Service Partners – review of the processes and controls related to procurement, payroll and accounting for Community or Service Partners that utilize the City’s services.	Finance/ Human Resources/ Partners	Process Review	To 2020
11	Follow Up Cash Handling – assess the status of recommendations from the review performed in 2017.	Legislative & Court Services	Follow Up	Complete
12	Follow Up Cash Handling – assess the status of recommendations from the review performed in 2017.	Creative Economy	Follow Up	Complete



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#	Project	Area	Audit Focus	Status
13	Follow Up Stores – assess the status of recommendations from the review performed in 2017.	Water and Roads/Parks/ Fleet	Follow Up	Complete
14	Follow Up Service Desk – assess the status of recommendations from the review performed in 2017.	Information Technology	Follow Up	Complete
15	ROWA Cash handling - to assess the adequacy and effectiveness of internal controls over cash handling in ROWA	ROWA	Process Review	Complete
16	Audit and Accountability Fund Service Delivery and Modernization Review – facilitate the independent third party review of identified business areas.	Rail/Marina/ Venues/ Special Events	Facilitation	Complete
17	Fraud Prevention Month – provide education to City staff and local businesses about fraud prevention.	Organization wide	Entity Level Controls	Complete
18	Inventory Count – observation of the annual Stores inventory counts.	Stores	Compliance	Complete
19	Confidential investigations/ Fraud & Wrongdoing Program oversight	As needed	Consulting	Ongoing

Note 1: The City commenced a Parking Strategy review in 2019 therefore an Internal Audit review of parking was deferred to a later year.



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Appendix “E” – 2020 Internal Audit Work Plan

#	Project	Area	Audit Focus
1	(From 2019) Sadlon Arena Third Party Agreements – monitor and assess third party compliance with concession and advertising agreements by exercising the City’s right to examine records.	Recreation Facilities	Compliance
2	(From 2019) Development –review of the processes and controls related to the implementation, recordkeeping, monitoring and effectiveness of development and related agreements in the secondary plan areas and the built boundary.	Development Services	Process Review
3	(From 2019) Community Service Partners – review of the processes and controls related to procurement, payroll and accounting for Community Partners that utilize the City’s services.	Finance/Human Resources/Partners	Process Review
4	Capital Project Payments – review of the processes and controls related to the approval of capital project payments.	Infrastructure	Controls
5	Contract Administration – review of the processes and controls related to the contract administration role for capital projects.	Infrastructure	Controls
6	Fleet Inventory – review of the processes and controls related to Fleet inventory.	Fleet	Process Review
7	MTO Driver Certification Program – conduct MTO audit required in connection with licensing requirements.	Fleet	Compliance
8	Follow Up Audit and Accountability Fund Service Delivery and Modernization Review – facilitation of City response to recommendations made in the 2019 review completed by the independent third party.	Rail/Marina/Venues/ Special Events	Facilitation
9	Landfill Cash Handling – assess the adequacy and effectiveness of internal controls over cash handling at the City’s Landfill.	Solid Waste Operations	Process Review



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#	Project	Area	Audit Focus
10	Health Benefits – analysis of benefit claims by staff and potential anomalies for follow up with the City’s benefit plan administrator.	Human Resources	Consulting
11	Continuous Auditing – assess options for continuous/real time automated monitoring of specified financial transactions and activities.	Finance/Organization wide	Compliance
12	Fraud Risk Assessment – update the previously completed assessment of the City’s potential fraud risks.	Organization wide	Entity Level Controls
13	Follow up Audits – assess the status of past Internal Audit recommendations.	Various	Follow Up
14	Confidential investigations/ Fraud & Wrongdoing Program oversight	As needed	Consulting