

City of Mississauga Corporate Report



7.2

Date: August 30, 2021

To: Chair and Members of Audit Committee

From: Paul A. Mitcham, P.Eng., MBA
City Manager and Chief Administrative Officer

Originator's files:

Meeting date:
September 20, 2021

Subject

Status of Outstanding Audit Recommendations as of June 30, 2021

Recommendation

That the Corporate Report dated August 30, 2021 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of June 30, 2021 be received for information.

Executive Summary

- The status of outstanding recommendations report provides the Audit Committee with an overview of the progress made on management action plans created to address issues raised in previous Internal Audit reports, and the reasons when significant delays occur.
- Of the seventy-four (74) recommendations scheduled for implementation by June 30, 2021, forty-five (45) were completed and twenty-nine (29) remain outstanding.
- Significant progress was made on the Fire Fleet Audit recommendations including sixteen (16) completed and only two (2) remaining.
- Since the last report, notable progress has been made on recommendations outstanding for more than a year, which were reduced from fifteen (15) to nine (9). Three (3) recommendations from the Street Lighting Program Audit and four (4) from the Non-Union Payroll Audit were completed in the period.
- The Street Lighting program has four (4) remaining recommendations in progress, with delays caused by various technical difficulties, including the global shortage of electronic components. Most of the remaining recommendations in this category are relatively lower risk and targeted for completion by the end of the year.

Background

The terms of reference for the Audit Committee (By-law 0069-2015) requires the submission of an annual report from the City Manager and Chief Administrative Officer indicating the progress made in resolving the issues previously raised by Internal Audit and by the City's External Auditor. At the November 2011 Audit Committee meeting, members requested that bi-annual

progress updates be submitted. These status reports are provided for the period ending June 30 and December 31 each year.

The value of Internal Audit is reflected in the effective realization of improvements in the control environment. Through Audit’s observations and recommendations, risks are identified and action plans are developed to address risks and control gaps. The effective monitoring and implementation of action plans ensures those risks are mitigated to an acceptable level.

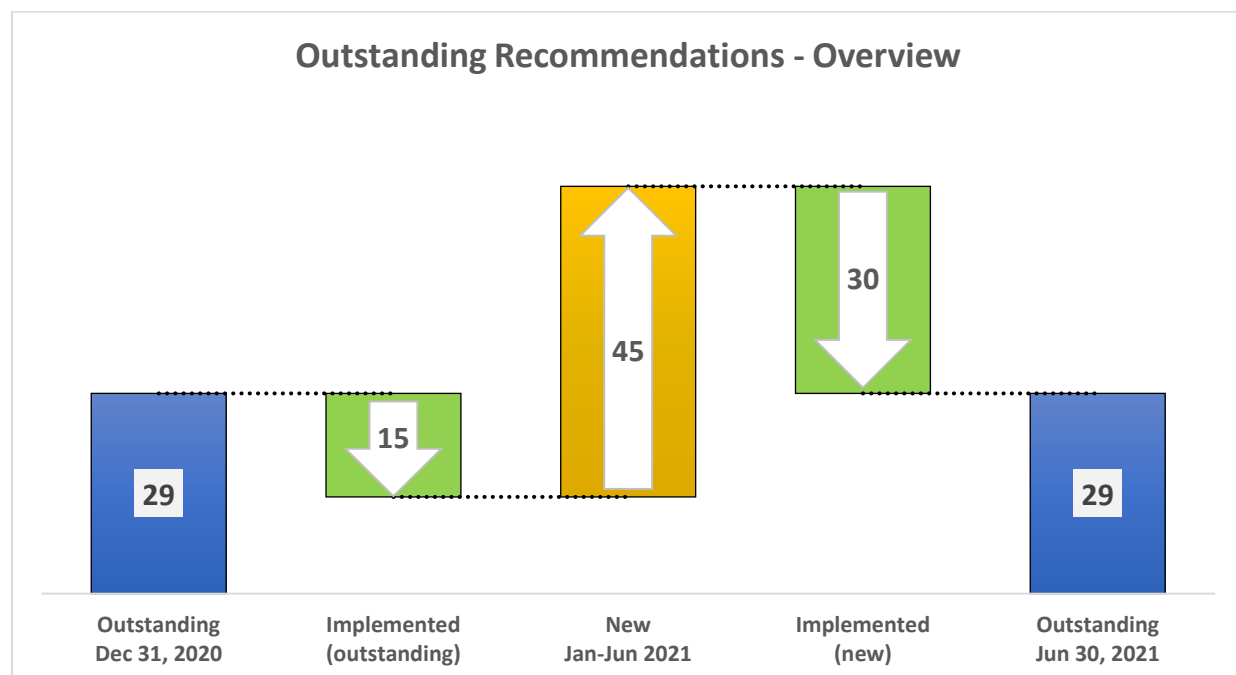
Internal Audit has continued to use the new tool, implemented in late 2020, to manage the progress of the recommendations and the communication with the action owners, which allows for greater insight on the status and timing of the solutions, and other relevant aspects of risk mitigation.

The current report includes some of those insights and shows the progress achieved as of June 30, 2021.

Comments

The current status of the recommendations is provided by the various action owners throughout the Corporation. Internal Audit provides support and advice as required and validates the solutions when they are reported as “Completed.”

The evolution of the audit recommendations since December 31, 2020 (the effective date of the previous status report to the Audit Committee) is presented in the chart below.



Outstanding – actions whose due date is on or before the specified date and had not been completed until that date
New – actions whose due dates fall between effective dates of the previous report and this report
Implemented – actions considered Completed by the action owners and validated by Internal Audit

As illustrated in the above chart, of the twenty-nine (29) carryover action items from the last report, fifteen (15) have since been completed and fourteen (14) recommendations remain outstanding. Of the forty-five (45) recommendations that were due between January 1 and June 30, 2021, thirty (30) have been completed and the remaining fifteen (15) recommendations are in various stages of implementation. In total, there are twenty-nine (29) recommendations that remain outstanding for this reporting period. All completed actions have been validated by Internal Audit.

Significant progress has been made on the Fire Fleet Audit recommendations including four (4) from the previous period and twelve (12) from this period, with only two (2) outstanding recommendations remaining.

A summary of the progress of recommendations which were outstanding as of December 31, 2020 and those scheduled for completion from January 1 to June 30, 2021 is provided in **Appendix 1**.

In addition to the above-mentioned outstanding recommendations, there are forty-one (41) other action items in the pipeline due on future dates. Twenty-four (24) of these are due within the next six months.

Delayed solutions

For recommendations that have been extended for more than a year from their original target dates, management has provided additional details for these delays, and where applicable, Internal Audit asked whether effective compensating controls were in place. By highlighting these, the action owners can resolve the delay or implement a temporary solution in the interim.

While many action plans are completed on time, or with minimal delays, currently nine (9) outstanding recommendations were outstanding between one (1) and five (5) years since their original target dates. While we are working to further reduce this backlog, good progress has been made since our previous report, which listed fifteen (15) actions in this situation.

Since then, there has been progress with the Street Lighting Program Audit, reducing the delayed action items from seven (7) to four (4). These delays were a result of challenges in resolving discrepancies between Alectra's new platform and system integration with the City's ESRI system. Furthermore, there is a worldwide shortage of electronic components for the supply of Street Lighting Control System Adaptive Control Nodes, resulting in delays with zones remediation.

The Non-Union Payroll Audit has also made significant progress and decreased the number of outstanding recommendations from five (5) to one (1). The completion of the termination protocol and enhancement of termination checklists and employee change forms improved the overall control related to terminations. The remaining one (1) outstanding item is dependent on the full implementation of SAP Fiori.

The remaining long-delayed actions are related to the audits of Mississauga Sport Zone Cash Handling, Single, Sole Source and Emergency Acquisition, Library Acquisitions, and CLASS Facility Rentals.

All nine (9) long-delayed actions have revised target dates, as well as further clarifications provided by management, which are detailed in **Appendix 2**. The revised target dates for these actions span from September 2021 to December 2023.

In addition to the specifics of each action, each department has nominated an action leader to oversee the progress and help close these actions as soon as reasonably possible. Internal Audit is also in the process of discussing with the action owners the opportunity to implement temporary solutions to mitigate the risks identified while the areas develop the final solution.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

Conclusion

In summary, seventy-four (74) recommendations were scheduled for implementation prior to June 30, 2021 (effective date of this report) and forty-five (45) of them were completed. Work continues on the implementation of the twenty-nine (29) recommendations that were outstanding as of June 30, 2021 and will be closely monitored to ensure timely implementation. Long-delayed actions are being prioritized by management and, where necessary, temporary solutions to mitigate the risks will be implemented, while the action owners work on implementing the final solution.

Attachments

Appendix 1: Status of Audit Recommendations Outstanding as at June 30, 2021

Appendix 2: Status of Audit Recommendations Outstanding and Extended for More Than a Year as of June 30, 2021



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City Manager and Chief Administrative Officer

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