

# City of Mississauga Corporate Report



9.3

Date: November 7, 2022

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:  
December 5, 2022

## Subject

**Status of Outstanding Audit Recommendations as of September 30, 2022**

## Recommendation

That the Corporate Report dated November 7, 2022 from the City Manager & Chief Administrative Officer regarding the "Status of Outstanding Audit Recommendations as of September 30, 2022" be received for information.

## Executive Summary

- This report provides the Audit Committee with an overview of the progress of management action plans created to address issues raised in previous Internal Audit reports, and the reasons when significant delays occur.
- Of the 55 recommendations scheduled for implementation by September 30, 2022, 27 were completed and 28 remain outstanding.
- Another eleven recommendations are due by the next reporting cycle (December 31, 2022).
- Six recommendations were completed in advance, from the Waste Diversion, Capital Works Project Management, and High Value Acquisitions audits.
- Since the previous report, two long-delayed recommendations were implemented and closed. Sixteen remain on the list, with seven still expected to be implemented in 2022 and nine by end of 2023.

## 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 generally provided for the period ending June 30 and December 31 each year; however, in consideration of the absence of the September Audit Committee meeting, this status report will be for the period ending September 30.

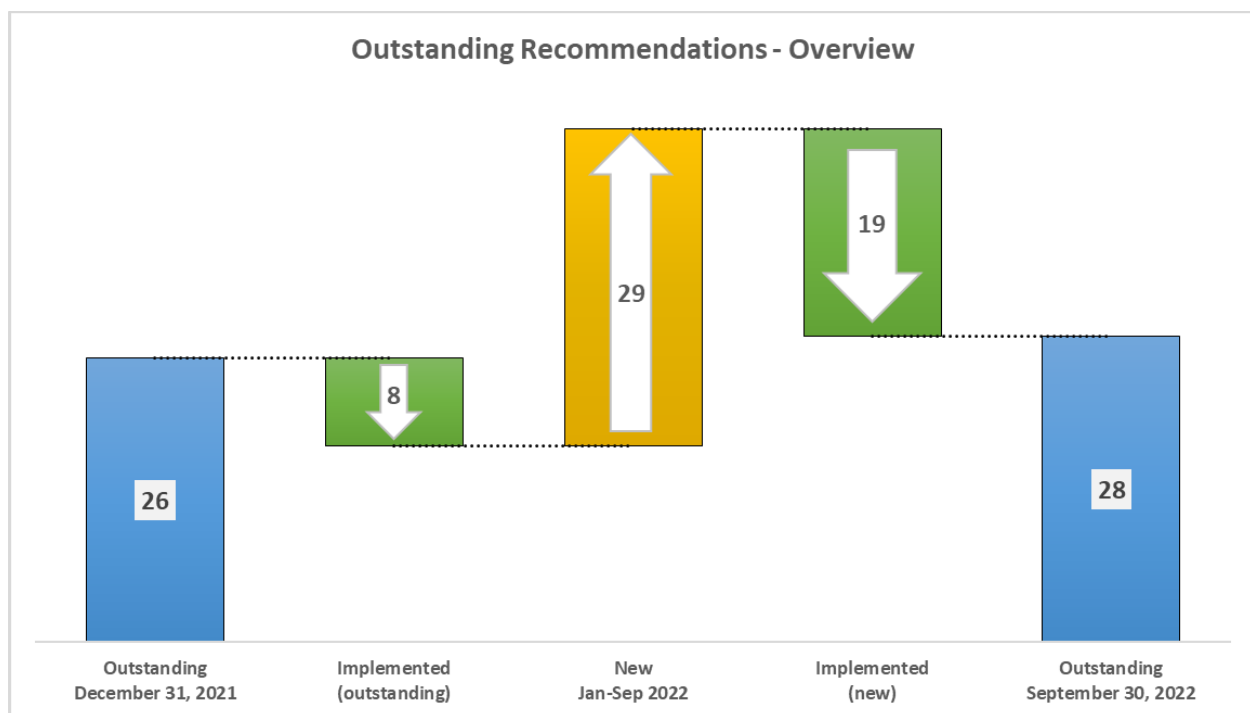
The value of Internal Audit is reflected in the effective realization of improvements in the control environment. Through Audit's observations and recommendations, risks are identified and action plans are developed to address risks and control gaps. The effective monitoring and implementation of action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

The current report includes some of those insights and shows the progress achieved as of September 30, 2022.

## 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 audit recommendations since December 31, 2021 (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 as of 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 26 carryover action items from the last report, 8 have since been completed and 18 recommendations remain outstanding. Of the 29 recommendations that were due between January 1 and September 30, 2022, 19 have been completed and the remaining 10 recommendations are in various stages of implementation. In total, there are 28 recommendations that remain outstanding for this reporting period. All completed actions have been validated by Internal Audit.

The last of the action plans for the Street Lighting Program Audit have been resolved; significant progress was achieved on the Supplies Inventory Audit with the implementation of seven action plan items; and other audits such as Waste Diversion, Capital Works Project Management and High Value Acquisitions completed six recommendations ahead of schedule.

A summary of the progress of recommendations which were outstanding as of December 31, 2021 and those scheduled for completion from January 1 to September 30, 2022 is provided in **Appendix 1**.

In addition to the above-mentioned outstanding recommendations, there are 50 other action items in the pipeline due on future dates. Eleven of these are due within the next three-month period (i.e. the next reporting cycle).

### **Delayed solutions**

For recommendations that have been extended for more than a year from their original target dates, management has provided their status updates and rationale 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 16 outstanding recommendations have been delayed between one and four years from their original target dates. While we are working to further reduce this backlog, seven were added this period.

The remaining long-delayed actions from the previous report include audits from CLASS Facilities Rental, Non-Union Payroll, Infrastructure Services IT Hardware, Traffic Signals and Systems, Stormwater Revenue, and Fire Fleet. Other audits added to the list include Paid Parking, Sign Shop and IT Capital Projects.

All 16 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 include seven with completion dates by the end of 2022 and nine by end of 2023.

### **Other matters from previous Audit Committee**

At the March 2022 Audit Committee meeting, Councillor Starr requested an update to an opportunity for improvement observation in relation to the Supplies Inventory Audit. His inquiry was to understand what benchmark trends and tracking methods are in place for tools (e.g. small parts, physical assets, etc.) to prevent losses. Management has indicated that staff are required to obtain approval from their Supervisor for all tool purchases. Tools have also been formally categorized and any tools over \$100 in value are to be tracked as part of the bi-annual inventory audits. Additionally, Supervisors review all staff procurement card purchases on a monthly basis to ensure any approved tools are charged to a specific cost element. This helps facilitate the review of tool purchases, monitoring of trends and reporting of anomalies.

## Financial Impact

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

## Conclusion

In summary, 55 recommendations were scheduled for implementation prior to September 30, 2022 (effective date of this report) and 27 of them were completed. Work continues on the implementation of the 28 recommendations that were outstanding as of September 30, 2022 and will be closely monitored to ensure timely implementation. Additionally, six recommendations were implemented in advance of this reporting cycle. 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 solutions.

## Attachments

Appendix 1: Status of Audit Recommendations Outstanding as at September 30, 2022

Appendix 2: Status of Audit Recommendations Outstanding and Extended for More Than a Year as of September 30, 2022



---

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

Prepared by: Amy Truong, Senior Internal Auditor