

City of Mississauga  
**Corporate Report**



<p>Date: February 10, 2023</p> <p>To: Chair and Members of Audit Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA  Acting City Manager &amp; CAO</p>	<p>Meeting date:  March 6, 2023</p>

## Subject

**Status of Outstanding Audit Recommendations as of December 31, 2022**

## Recommendation

That the Corporate Report dated February 10, 2023 from the Acting City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of December 31, 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.
- As requested at the last Audit Committee meeting, this report will be produced on a quarterly basis instead of semi-annually.
- Of the 39 recommendations scheduled for implementation by December 31, 2022, five were completed and 34 remain outstanding. One was completed ahead of schedule.
- Another 10 recommendations are due by the next reporting cycle (i.e. March 31, 2023).
- Since the previous report, two long-delayed recommendations were implemented and closed, and two were added to the list. A total of 16 action plans remain on the list, with 11 expected to be completed before or by the end of June 2023 and five between October and the end of December 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 December 2022 Audit Committee meeting, members requested that progress updates be submitted quarterly. These status reports will be provided for the periods ending March 30, June 30, September 30 and December 31 each year.

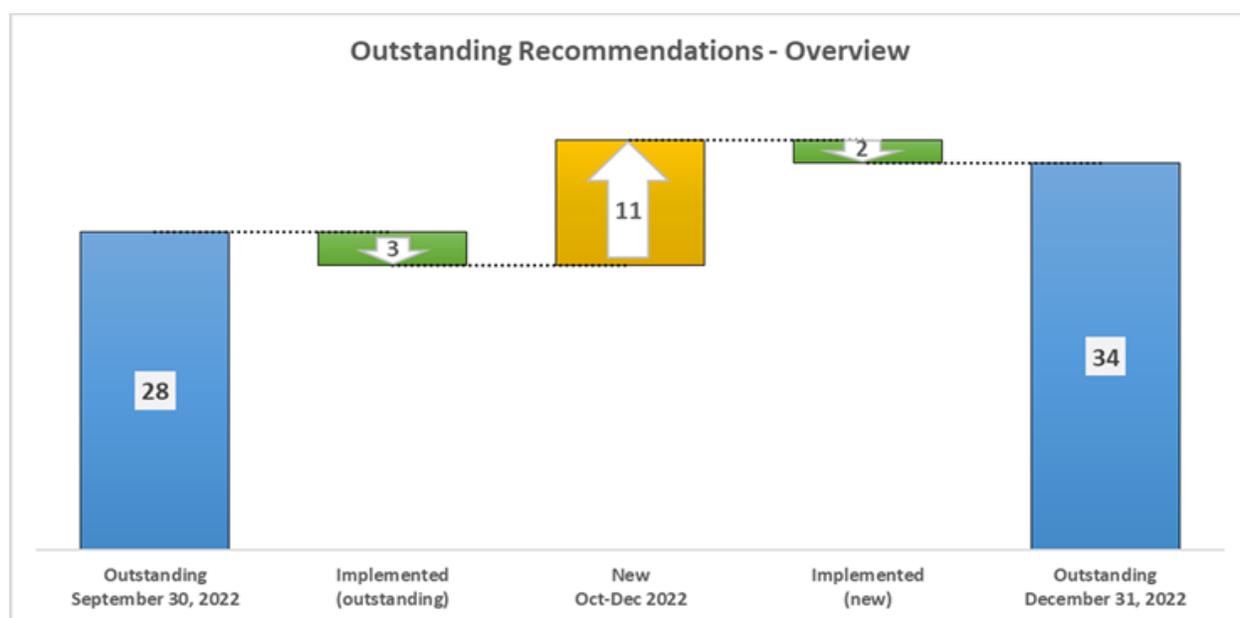
The value of Internal Audit is reflected in the effective realization of improvements in the control environment. Through Audit's observations and recommendations, risks are identified and action plans are developed to address risks and control gaps. The effective monitoring and implementation of action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

The current report includes some of those insights and shows the progress achieved as of December 31, 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 September 30, 2022 (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 28 action items carried over from the last report, three have since been completed and 25 recommendations remain outstanding. Of the 11 recommendations that were due between October 1 and December 31, 2022, two have been completed and the remaining nine recommendations are in various stages of implementation. In total, there are 34 recommendations that remain outstanding for this reporting period. All completed actions have been validated by Internal Audit.

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The last of the action plans for the CLASS Facilities Rental audit was resolved; the Waste Diversion audit is on track with its action plans, completing three this quarter, one of which was implemented ahead of schedule.

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

In addition to the above-mentioned outstanding recommendations, there are 62 other action items in the pipeline due on future dates. Ten 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, two were completed this period, and two new ones were added.

All 16 long-delayed actions have revised target dates, as well as further clarifications provided by management, which are detailed in **Appendix 2**. A summary of their status is presented below:

Audit	Rec #	Original Target	Revised Target	Dependency	Compensating Controls	Priority
Non-Union Payroll	4	Dec-19	Dec-23	IT	Administrative	High
Infrastructure Services IT Hardware	13/14	Jan-21	Oct-23	Capacity	Physical	Medium
Traffic Signals and Systems Program	9	Dec-20	Dec-23	External	No change	High
Stormwater Revenue	3	Dec-20	May-23	External	No change	Medium
	15	Dec-20	Apr-23	IT	No change	Medium
	16	Dec-20	Apr-23	Capacity	Administrative	Medium
Presto Card Revenue	3	Dec-21	Dec-23	External	No change	Medium
Fire Fleet Acquisition	19	Oct-20	Mar-23	Internal	Operational	High
Paid Parking	5	Dec-21	Jun-23	Capacity	No change	Medium
	11	Jun-21	Jun-23	Internal	Administrative	Medium
	14	Dec-21	Jun-23	Internal/Staff	No change	Medium
Sign Shop	8	Dec-21	Jun-23	Internal	No change	Medium
Procurement Cards	1	Dec-21	Jun-23	Staff changes	Administrative	High
IT Capital Projects	8	Mar-22	Jun-23	Staff changes	Administrative	Medium
Works Current Maintenance Contracts	4	Sep-21	Jun-23	Internal	No change	High

#### Legend for Dependency

Capacity – work progressing as capacity permits  
IT – need IT solution or infrastructure

#### Legend for Compensating Controls

Technical: temporary IT-based solutions (e.g. Excel sheets)  
Administrative: management oversight (e.g. spot checks)

Internal – need internal support or approval (other than IT)  
 External – partners, other levels of government, vendors  
 Staff changes – lead changed, new staff will resume

Physical: barriers that prevent access (e.g. locks, keys)  
 Operational: temporary process change (e.g. procedure change)  
 No change: a compensating control is not yet implemented or not applicable

The revised target dates for these actions include 11 due before or by the end of June 2023 and five between October and the end of December 2023.

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

At the December 2022 Audit Committee meeting, a request was made to provide more information on the long-delayed outstanding recommendations, including: original and revised target dates; compensating controls; changes to priority; and identifying dependencies, where applicable. The above summary chart has been adapted and amendments to Appendix 2 have been made to address this request.

## **Financial Impact**

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

## **Conclusion**

In summary, 39 recommendations were scheduled for implementation prior to December 31, 2022 (effective date of this report) and five were completed. Work continues on the implementation of the 34 recommendations that were outstanding as of December 31, 2022 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 solutions.

## **Attachments**

Appendix 1: Status of Audit Recommendations Outstanding as at December 31, 2022

Appendix 2: Status of Audit Recommendations Outstanding and Extended for More Than a Year as of December 31, 2022




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