

City of Mississauga Corporate Report



Date: February 8, 2021 To: Chair and Members of Audit Committee	Originator's files:
From: Paul A. Mitcham, P.Eng., MBA City Manager and Chief Administrative Officer	Meeting date: March 1, 2021

Subject

Status of Outstanding Audit Recommendations as of December 31, 2020

Recommendation

That the Corporate Report dated February 8, 2021 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of December 31, 2020 be received for information.

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.

The value of Internal Audit is reflected in an improvement 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.

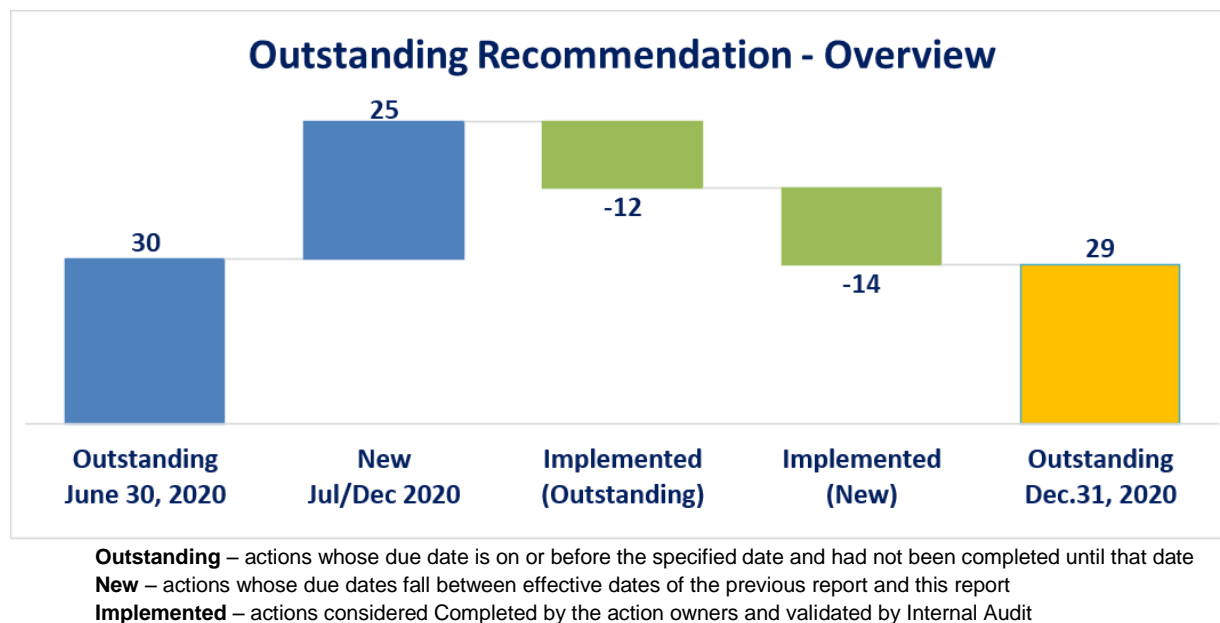
In the latter part of 2020, Internal Audit implemented a new tool to manage the progress of the recommendations, which allows for greater insight on the status and timing of the solutions, and other relevant aspects of risk mitigation.

The current report includes some of those insights and shows the status as of December 31, 2020.

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 June 30, 2020 (the effective date of the previous status report to the Audit Committee) is presented in the chart below.



The chart shows action items that have due dates on or before the effective date of this report. Not depicted in the chart are 54 other action items in the pipeline that are due on future dates; 33 of them will be due on or before June 30, 2021. These numbers will increase as Internal Audit publishes new reports in the period.

As seen in the chart, from the thirty (30) previously outstanding recommendations, twelve (12) have since been completed and eighteen (18) recommendations remain outstanding. From the twenty-five (25) recommendations that were due between July 1, 2020 and December 31, 2020, fourteen (14) have been completed and the remaining eleven (11) recommendations are in various stages of implementation.

All completed actions have been validated by Internal Audit.

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

Delayed solutions

For various reasons, action owners may need to provide a revised date for actions under their responsibility. The reasons may include delays in obtaining budget approval, difficulties in finding and implementing the right solution and reduced capacity due to competing priorities and emergencies, among others.

While many action plans are completed on time or with minimal delays, currently fifteen (15) recommendations were delayed between one (1) and four (4) years from their original target dates.

Seven (7) of these actions were derived from the 2019 Street Lighting Program audit report, with delays between 1 and 2 years. These delays are a result of a change in project leadership, which included a retirement and consequent delays in building the project team, to focus on the project's needs and address the recommendations. Management has provided updates to Council on the project progress.

Three (3) actions come from the 2019 Non-Union Payroll audit. Two of these are related to updates on the protocol for terminations, which has been prepared and is currently going through review and approval, with a revised date of March 2021. The other action is dependent on the full implementation of SAP Fiori. It is operating in 14 divisions and full implementation is expected by December 2023.

The remaining long-delayed actions are related to the audits of Mississauga Sport Zone Cash Handling, MFES Building and Fleet Maintenance, Single, Sole Source and Emergency Acquisition, Library Acquisitions and CLASS Facilities Rental.

All fifteen (15) long-delayed actions have new revised dates, as well as further clarifications provided by management, which are detailed in **Appendix 2**.

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, fifty-five (55) recommendations were scheduled for implementation prior to December 31, 2020 (effective date of this report) and twenty-six (26) of them were completed. Work continues on the implementation of the twenty-nine (29) recommendations that were outstanding as of December 31, 2020 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 December 31, 2020

Appendix 2: Status of Audit Recommendations Outstanding and extended for more than a year as of December 31, 2020



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

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