



OFFICE OF THE  
**City Auditor**

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# **Follow-up of Recommendations**

For the Period October 2013 through August 2014

October 24, 2014

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The Office of the City Auditor conducted  
this project in accordance with the  
*International Standards for the  
Professional Practice of Internal Auditing*

# Follow-up of Recommendations

For the Period October 2013 through August 2014

## 1. Introduction

The follow-up of recommendations is included in the Office of the City Auditor's (OCA) 2014 Annual Work Plan. The intent of this report is to inform the Audit Committee on the adequacy, effectiveness, and timeliness of the Administration's actions on our audit recommendations.

Our follow-up process and report on the status of implementation fulfills the following requirements:

- International audit standards state: "The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action."
- The *Audit Committee Bylaw* Section 14 states: "The Committee will review all reports from the City Auditor which will include reports from the City Auditor dealing with:
  - (a) status of audits;
  - (c) implementation of audit recommendations;"

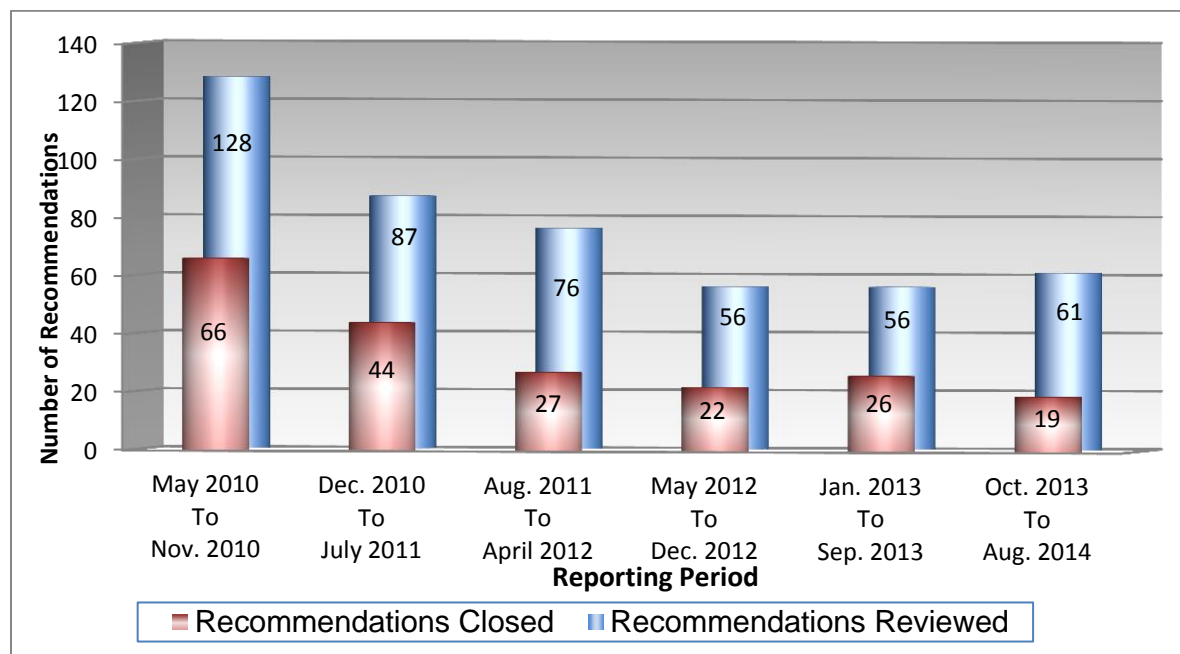
The OCA manages the process and is responsible for determining the adequacy of the Administration's actions in addressing recommendations, closing recommendations and reporting results to the Audit Committee. The Office of the City Manager is responsible for ensuring that actions to address recommendations are being taken in a timely manner and that supporting documentation is provided to the OCA.

## 2. Analysis

### 2.1. Outstanding Recommendations

In November 2010, we reported that there were 128 outstanding recommendations. Over the past four years, the OCA has issued 36 reports containing 119 recommendations. The combined effort of the Administration and OCA has resulted in continued decline in the number of outstanding recommendations. As shown in Chart 1, at the end of this reporting period there are 42 outstanding recommendations.

**Chart 1 – Recommendations Reviewed and Closed**



Many of the recommendations remained open and were followed-up over a number of reporting periods. This is a result of the Administration setting implementation dates more than one year in the future and recommendations not being closed by the date identified in the original audit report.

During this reporting period, October 2013 through August 2014, the OCA issued 12 reports containing a total of 31 recommendations. The responses provided by the Administration indicated that 13 of these recommendations would be closed before the end of August 2014 and 14 would be closed before the end of 2015. The remaining 4 recommendations relate to the municipal election with implementation dates in 2016 and 2017.

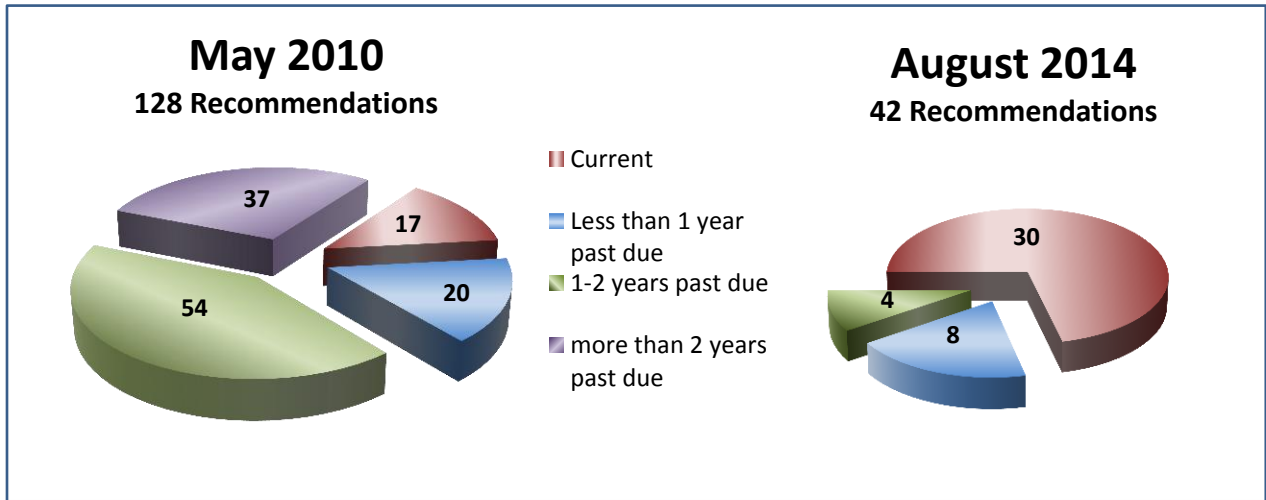
At the end of this reporting period, August 2014, 42 recommendations remain open.

Summaries of recommendations reviewed in this reporting period are provided in Appendix 1 (by department) and Appendix 2 (by project.)

**2.2. Impact of Management Actions**

In 2010, 111 of the 128 recommendations we reviewed were classified as past due. Thirty seven of these recommendations that were past due were more than 2 years past due and 54 were 1 to 2 years past due. Since 2010, the Administration has focused its efforts on closing recommendations that were classified as past due. At the end of this reporting period 12 of the 42 outstanding recommendations are past due. Chart 2 shows how aging of outstanding recommendations has changed from May 2010 to August 2014.

Chart 2 – Recommendations Past Due



### 3. Recommendations More than One Year Past Due

At the end of this reporting period, there were four recommendations that were more than one year past due. These recommendations will be classified as more than two years past due if implementation is not complete before the end of the next reporting period. The Administration provided the following implementation status, and revised completion dates for the four recommendations.

- Software License and Hardware Use (11327)**  
Recommendation 1, Improve Software Asset Management Process

Implementation date:	Original December 2012	Revised December 2014.
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Information Technology management advised the OCA that work on this recommendation is substantially complete. To date, the IT Branch has created a software management team, implemented tools to identify software installed on desktops across the corporation and created a repository to track installed software. Outstanding actions to close this recommendation include, finalizing and communicating software management policies and procedures applicable to all employees.

- Edmonton Police Service Payroll Audit (11334)**  
Recommendation 1, Authorization of Regular Pay and  
Recommendation 2, Authorization of Overtime

Implementation date:	Original December 2012	Revised December 2014
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The Edmonton Police Services has implemented new software to automate the timesheet submission process. Regular and overtime pay policies have been

revised. Management approval of the policies is expected in the fourth quarter of 2014.

- **Development Permit Fee Collection Review (11337)**  
Recommendation 2, Revised Procedures for Fee Changes

Implementation date:	Original December 2012	Revised December 2014.
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The upgrade to POSSE did not include the functionality to address the intent of this recommendation. The Current Planning branch in conjunction with IT and Finance staff are reviewing alternate solutions to address the recommendation requirements.

## 4. Impact of Recommendations Closed in the Reporting Period

During this reporting period, we closed 19 recommendations based on our review of supporting documentation provided by the Administration. The actions taken to address these recommendations benefit the City in a number of ways. We grouped the benefits into three categories:

1. Enhanced governance framework, which includes oversight of various processes or operations;
2. Improved efficiency and effectiveness of service delivery; and,
3. Strengthened controls to safeguard City assets and improve compliance with policies, directives and guidelines.

The following are examples of the benefits that have been gained from the actions taken by the Administration:

### 4.1. Enhanced Governance Framework:

- **Capital Construction Audit (RD&C Branch) (11325)**

Recommendation 3, Completeness of Capital Project Profiles – Improved quality of information presented in Capital Project Profiles allows Council and the Administration to make more informed decisions on the allocation of capital funds.

- **Contract Tendering Process Review (11330)**

Recommendation 1, Procurement Policy – The City's Purchasing Directive and guiding documents have been revised to improve communication of interprovincial trade agreement requirements. Delegation of authority documents have also been updated to limit positions that can approve exceptions to the trade agreements. These changes are intended to improve compliance with interprovincial trade agreements.

Recommendation 2, Procurement Process – Process changes that include improved risk allocation, minimized use of subjective evaluation criteria and modified logistics

should reduce project costs, increase procurement transparency, and improve vendor relations.

- **2013 Municipal Election Audit (11336)**

Recommendation 1, Nomination Package Requirements – The Administration has requested clarification from the Province on the minimum requirements a potential candidate must satisfy in order to comply with the *Municipal Elections Act*. The clarification, once received, will allow the Administration to ensure that all potential candidates file the required nomination documents.

- **Private Vehicle Reimbursement Audit (12345)**

Recommendation 1, Update the Private Vehicle Reimbursement Directive – The updated Directive provides guidance to employees on the appropriate use of private vehicles and the process for claiming reimbursement.

- **Wicahitowin Circle of Shared Responsibility Society Review (13356)**

Recommendation 2, Operational Policies and Procedures – An updated operational procedure provides for a framework for the decision-making process to guide management and staff in their operational decision-making.

- **Fleet Safety Audit (13362)**

Recommendation 3, Improve the Driver Monitoring Process – The improvements to the driver monitoring process will help ensure that employees driving City vehicles possess valid and appropriate driving permits for the vehicles and equipment they operate.

#### **4.2. Improved Efficiency and Effectiveness:**

- **2010 Municipal Election Report (10302)**

Recommendation 1, Evaluate Core & Peak Staffing Levels,  
Recommendation 2, Expand Hands-on and Mock Training for Key Positions,  
Recommendation 3, Evaluate Issues Encountered and Revise Processes, and  
Recommendation 4, Revise Electoral Process – Implementation of these recommendations allowed the Elections and Census Office to improve operational efficiency and effectiveness in the areas of staffing levels, training and logistics for the 2013 Municipal Election.

- **Drainage Services Branch Audit (12344)**

Recommendation 1, Integration and Communication with Stakeholders – Improvements to drainage planning will increase the effectiveness of its communication and integration with other drainage and City operations.

- **Private Vehicle Reimbursement Audit (12345)**

Recommendation 4, Cost Effectiveness of Private Vehicle Use – A defined process to determine whether to provide an employee with a City vehicle instead of using a private vehicle helps ensure that vehicle expenses are minimized.

- **Automated Photo Enforcement Audit (13358)**

Recommendation 3, System Enhancements – Enhancements to the Automated Photo Enforcement system have enabled the violation review process to more consistently issue tickets for violations recorded by intersection safety cameras.

- **Fleet Safety Audit (13362)**

Recommendation 2, Improve Maintenance of Drivers' Records – Ensuring that drivers' records are complete and accurate helps to ensure that employees using City vehicles have completed mandatory training.

- **Community Programs Review (13364)**

Recommendation 1, Document Internal Review Guidelines – Documenting guidelines helps ensure consistent communication among grant reviewers and application of grant eligibility guidelines.

#### **4.3. Strengthen Controls to Safeguard Assets**

- **Development Permit Fee Collection Review – (11337)**

Recommendation 4, Improved Quality Control – Standardized processes for assurance checks, data entry, and training has resulted in strengthened controls and improved quality control.

- **Wicahitowin Circle of Shared Responsibility Society Review (13356)**

Recommendation 3, Financial Management – Defined responsibilities for the Wicahitowin Secretariat and the City Administration helps ensure that the Society's budgets align with the funding agreement.

- **Fleet Safety Audit (13362)**

Recommendation 1, Improve the City Driver Permit Issuance Process – Improvement to the permit issuing process, including obtaining mandatory documentation prior to issuing permits helps to ensure that only qualified employees are issued permits to drive City vehicles.

## **Conclusion**

The number of outstanding recommendations continues to decrease as a result of the Administration's actions. During this period, we tracked the status of 61 recommendations including 31 recommendations issued during this reporting period. Through our review of supporting information, we closed 19 recommendations.

We acknowledge the Administration's commitment and thank them for their cooperation and efforts to clear the backlog of recommendations that are past due.



APPENDIX 1

**Recommendation Follow-up  
For the Period October 2013 through August 2014  
Status by Department**

	More than 1 Year Past Due		Less than 1 Year Past Due		Total Outstanding Recommendations		Not Yet Due		Total Recommendations		
	Total	Closed	Total	Closed	Total	Closed	Total	Closed	Total	Closed	In Progress
Office of the City Manager	--	--	--	--	--	--	3	--	3	--	3
Community Services	--	--	--	--	--	--	6	1	6	1	5
Corporate Services	2	1	5	5	7	6	14	4	21	10	11
Financial Services & Utilities	2	2	5	1	7	3	2	1	9	4	5
Sustainable Development	1	--	4	1	5	1	10	--	15	1	14
Transportation Services	--	--	1	1	1	1	1	--	2	1	1
<b>Subtotal</b>	<b>5</b>	<b>3</b>	<b>15</b>	<b>8</b>	<b>20</b>	<b>11</b>	<b>36</b>	<b>6</b>	<b>56</b>	<b>17</b>	<b>39</b>
<i>Percent Closed</i>		<i>60.0%</i>		<i>53.3%</i>		<i>55.0%</i>		<i>16.7%</i>		<i>30.4%</i>	
Edmonton Public Library	--	--	--	--	--	--	--	--	--	--	--
Edmonton Police Service	2	--	--	--	2	--	--	--	2	--	2
Non-Profit Housing	--	--	--	--	--	--	--	--	--	--	--
Other Boards, Authorities, etc.	--	--	3	2	3	2	--	--	3	2	1
<b>Total</b>	<b>7</b>	<b>3</b>	<b>18</b>	<b>10</b>	<b>25</b>	<b>13</b>	<b>36</b>	<b>6</b>	<b>61</b>	<b>19</b>	<b>42</b>
<i>Percent Closed</i>		<i>42.9%</i>		<i>55.6%</i>		<i>52.0%</i>		<i>16.7%</i>		<i>31.1%</i>	

## APPENDIX 2

**Recommendation Follow-up  
For the Period October 2013 through August 2014  
Status of Audit Recommendations by Project**

Audit Number and Title	Original Report		Closed in		In Progress	Recommendations Outstanding			
	Report Date	Total Recs	Prior Periods	This Period		>1 Year	<1 Year	Not Yet Due	
<b>PROJECTS CLOSED THIS PERIOD</b>									
10302	2010 Municipal Election Audit	February 1, 2011	5	1	4	--	--	--	--
11330	Contract Tendering Process Review	May 29, 2012	4	2	2	--	--	--	--
12345	Private Vehicle Reimbursement Audit	August 27, 2012	4	2	2	--	--	--	--
13362	Fleet Safety Audit	January 7, 2014	3	--	3	--	--	--	--
13364	Community Programs Review	April 7, 2014	1	--	1	--	--	--	--
<b>PROJECTS WITH RECOMMENDATIONS OUTSTANDING</b>									
11325	Capital Construction Audit (RD&C Branch)	June 1, 2011	7	4	1	2	--	--	2
11327	Software License and Hardware Use	October 3, 2011	2	--	--	2	1	--	1
11334	Edmonton Police Services Payroll Audit	April 4, 2012	4	2	--	2	2	--	--
11336	2013 Municipal Election	February 27, 2014	5	--	1	4	--	--	4

Audit Number and Title		Original Report		Closed in		In Progress	Recommendations Outstanding		
		Report Date	Total Recs	Prior Periods	This Period		>1 Year	<1 Year	Not Yet Due
11337	Development Permit Fee Collection Review	February 1, 2012	6	1	1	4	1	1	2
12342	City Productivity Audit	January 7, 2013	1	--	--	1	--	1	--
12344	Drainage Services Branch Audit	January 30, 2013	7	3	1	3	--	3	--
13356	Wichitowin Circle of Shared Responsibility Society Review	June 3, 2013	3	--	2	1	--	1	--
13358	Automated Photo Enforcement	August 19, 2013	6	4	1	1	--	--	1
13359	Fire Rescue Services Branch Audit	October 30, 2013	4	--	--	4	--	--	4
13363	Building Permit and Inspection Services Audit	January 23, 2014	8	--	--	8	--	2	6
13365	Social Media Review	May 23, 2014	3	--	--	3	--	--	3
13366	Landscape Securities	August 28, 2014	2	--	--	2	--	--	2
13367	Information Protection Readiness	May 23, 2014	3	--	--	3	--	--	3
14372	Google Procurement Process Review	August 25, 2014	2	--	--	2	--	--	2
<b>TOTAL</b>			<b>80</b>	<b>19</b>	<b>19</b>	<b>42</b>	<b>4</b>	<b>8</b>	<b>30</b>