



OFFICE OF THE
City Auditor

Follow-up of Recommendations

For the Period September 2014 through June 2015

September 24, 2015

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 September 2014 through June 2015

1. Introduction

The follow-up of recommendations is included in the Office of the City Auditor's (OCA) 2015 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;"

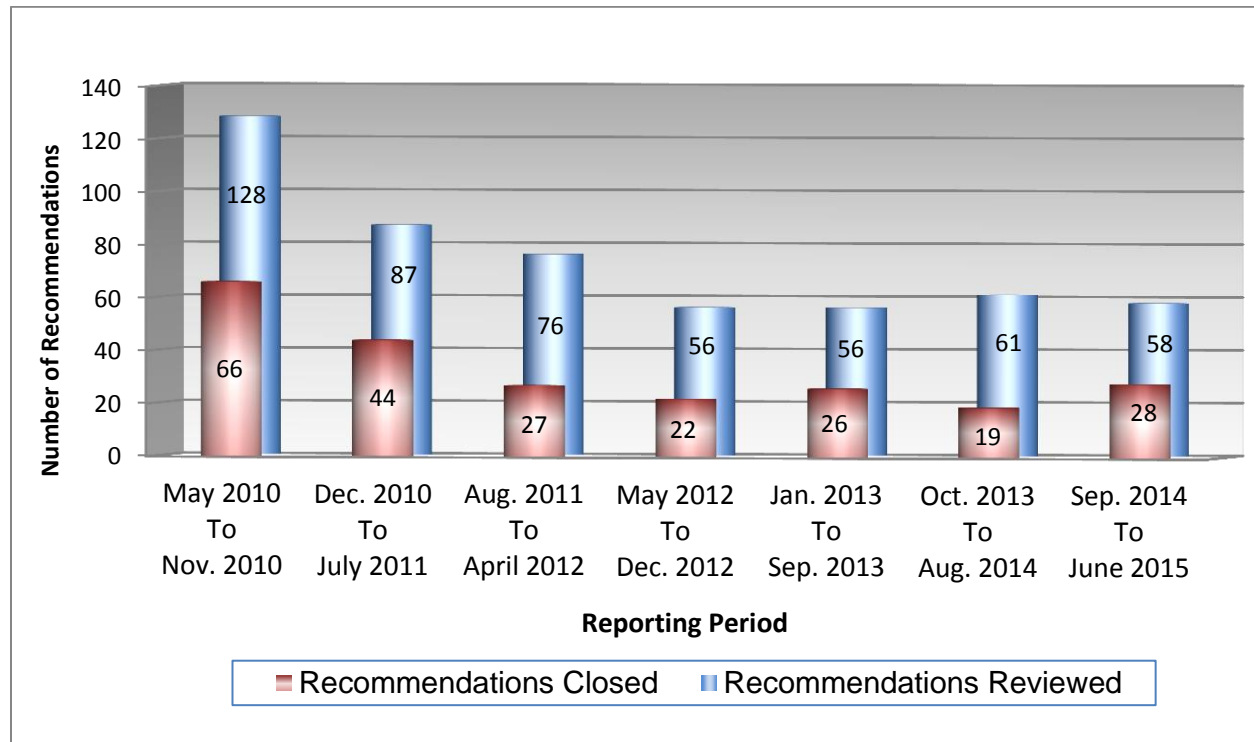
The OCA manages the process and is responsible for determining the adequacy of the Administration's actions in addressing recommendations, closing recommendations and reporting results to the Audit Committee. The Office of the City Manager is responsible for ensuring that actions to address recommendations 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 we reviewed 40 reports containing 128 outstanding recommendations. During that reporting period, we closed 66 recommendations. Between December 2010 and August 2014 we issued 38 reports containing 119 recommendations. During this reporting period, September 2014 through June 2015, the OCA issued 5 reports containing a total of 16 recommendations. The success of the combined effort of the Administration and OCA to close recommendations in a more timely manner is reflected in Chart 1.

Chart 1 – Recommendations Reviewed and Closed



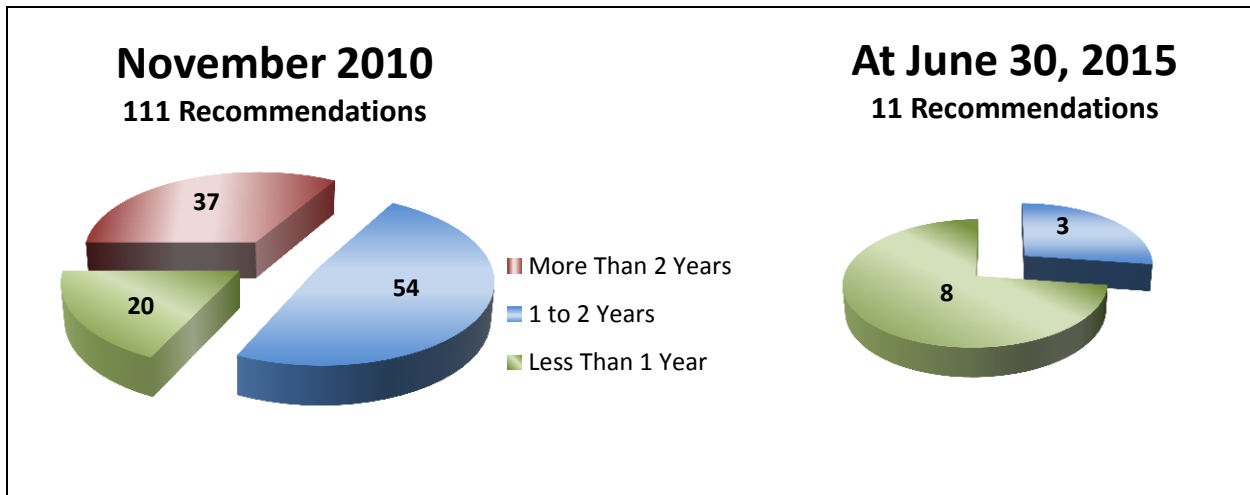
During this reporting period we reviewed a total of 58 outstanding recommendations. We closed 28 of the recommendations we reviewed this period. At the end of this reporting period, June 2015, 30 recommendations remain open.

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 11 of the 30 outstanding recommendations are classified as past due. Chart 2 shows how aging of outstanding recommendations has changed from 2010 to 2015.

Chart 2 – Recommendations Past Due



3. Recommendations More than One Year Past Due

At the end of this reporting period, there were 3 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 3 recommendations:

- **Drainage Services Branch Audit (12344)**
Recommendation 5, Staff Training

	Original	Revised
Implementation date:	September 2013	December 2015 December 2016

The Branch has created a Competency Model Project to address staff training requirements. The project was piloted with Drainage Design and Construction. The project will be implemented branch wide and was expected to be in place by end of 2015. Identification of a tool to document training is also covered in the project. Current lack of resources has delayed the completion of this project. This initiative is targeted to be completed by the end of 2016.

- **Building Permit and Inspection Services Audit (13363)**
Recommendation 7, Service Delivery Model

	Original	Revised
Implementation date:	June 2014	March 2016

A draft of the service delivery model was prepared in 2014. The model has not been finalized due to a management vacancy.

Recommendation 8, Risk-based Plans Examination and Inspections

Implementation date:	Original June 2014	Revised March 2016
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We were advised that the use of risk-based Verification of Compliance Certificates has been expanded. However, a risk-based plans examination and inspection policy has not been developed due to a management vacancy.

4. Impact of Recommendations Closed in the Reporting Period

During this reporting period, we closed 28 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:

- **City Productivity Audit (12342)**

Recommendation 1, Productivity Measures – Corporate Strategic Planning have developed a framework for corporate performance measurement and worked with program managers to identify meaningful productivity measures. This work was also collaborated with the Budget Office as part of the Priority Based Budgeting process and the 2% Initiative.

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

Recommendation 1, Governance Practices – The implementation of a comprehensive strategic plan that includes organizational performance metrics, formal risk assessment and succession planning provides the guidance to enhance the management of the Society.

- **Building Permit and Inspection Services (BPIS) Audit (13363)**

Recommendation 6, Performance Management System – Implementing this recommendation enabled BPIS to establish measurable performance goals and targets to facilitate efficient and effective performance monitoring.

- **Information Protection Readiness (13367)**

Recommendation 1, FOIP Delegation Order – The FOIP Delegation Order was amended to clearly establish which employees are accountable for powers, duties and functions under the FOIP Act, and which employees are responsible for implementing direction from those who are accountable for decision making.

Recommendation 2, Comprehensive Governing Document – Corporate Services have completed Administrative Directive (A1461) and associated procedures which prescribe standards for all Employees relating to handling City information and also establish the principles that apply to information management processes.

4.2. Improved Efficiency and Effectiveness:

- **Software License and Hardware Use (11327)**

Recommendation 1, Improve Software Asset Management Process – The improved software asset management process enables the effective management, control, and protection of software assets. It also helps to reduce the risk of excessive spending on licensing and IT support.

Recommendation 2, Effective Software Use – The IT Branch is using improved processes, tools and information to optimize software license costs for the City.

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

Recommendation 1, Revise Intake Procedures – Redesign of several application forms and procedures has occurred in order to improve development permit intake processes.

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

Recommendation 2, Data Collection and Analysis – By improving the data they collect and ensuring it is the right data, management can now monitor and assess the effectiveness and efficiency of staff.

Recommendation 3, Improve the Use of Technology – Improving how they use technology has increased the efficiency of staff entering data into the systems. As well, it has reduced staff time spent addressing false alarms at the pump stations.

- **Fire Rescue Services Branch Audit (13359)**

Recommendation 1, Improve the Training Identification Process – Improving the process for identifying and communicating training needs has led to a training plan that aligns with operational needs.

Recommendation 2, Perform Inventory Tracking and Counts – Appropriate inventory controls, such as tracking and counting, has led to more accurate counts and values of stock on-hand and decreased the potential for loss or misappropriation of materials. Further, performing full inventory counts helps ensure stock has not expired or become obsolete.

- **Building Permit and Inspection Services (BPIS) Audit (13363)**

Recommendation 1, Permit Files Backlog, Recommendation 2, Re-inspection Fees, Recommendation 4, Use of Technology, and Recommendation 5, Electrical Inspections – Implementing these recommendations enhanced BPIS' ability to fulfill the City's Quality Management Plan requirements to monitor permit holders' compliance with Alberta's *Safety Codes Act* and associated codes and standards.

- **Information Protection Readiness (13367)**

Recommendation 3, Implement Ongoing FOIP and Information Security Training – The Office of the City Clerk has prepared a plan for the ongoing training of City Staff relating to Freedom of Information and Protection of Privacy (FOIP).

- **Google Procurement Process Review (14372)**

Recommendation 2, Next Steps – The creation of a desktop optimization roadmap provides the foundation to increase the efficiency and effectiveness of the delivery of technology and desktop solutions across the organization.

4.3. Strengthen Controls to Safeguard Assets

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

Recommendation 1, Increased Scope for the SAP Financial Review – Implementation of the Capital and Operating Budget System (COBS) reduces the risk of inaccurate or incomplete information being used for decision-making.

- **Edmonton Police Service Payroll Audit (11334)**

Recommendation 1, Authorization of Regular Pay and Recommendation 2, Authorization of Overtime – Edmonton Police Services has implemented new software (CARM) that has automated the timesheet submission process. The system controls ensure regular time and overtime are properly authorized prior to paying employees.

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

Recommendation 2, Revised Procedures for Fee Changes – Procedures and system controls have been added for Fees Adjustments including documentation on persons making adjusting and justification for changes.

Recommendation 5, Management Quality Control – Training manuals and staff training has occurred resulting in improved quality of permitting application process.

- **Automated Photo Enforcement (13358)**

Recommendation 1, Procedures Manual and Record-keeping – The Office of Traffic Safety has made procedural changes that will increase the consistency of its testing and maintenance of intersection safety devices. The Office has also improved its processes for tracking outstanding equipment maintenance issues from identification through closure. Both of these enhancements will provide stronger evidence that the equipment is working correctly if a traffic ticket is challenged.

- **Fire Rescue Services Branch Audit (13359)**

Recommendation 3, Update Standard Operating Procedures – Having complete and up-to-date standard operating procedures that have been appropriately communicated to all staff has led to improved effectiveness and efficiency of operations.

Recommendation 4, Update the Materials and Equipment Ordering Process – Increased controls over the materials and equipment ordering process has led to increased efficiency in the process and decreased costs associated with purchasing unnecessary equipment and materials.

- **Google Procurement Process Review (14372)**

Recommendation 1, Privacy Impact Assessment – Completion of privacy assessments prior to technology changes involving procurement and movement to the cloud ensures compliance with that privacy legislation (i.e. FOIP) prior to investment in cloud-based technology.

- **S. Edmonton Sanitary Sewer Installation Tender Review (14378)**

Recommendation 1, Evaluation Documentation – New tender (Request for Proposal) evaluation process guidelines were prepared and communicated by Corporate Procurement and Supply Services in January of 2015.

5. Conclusions

The number of outstanding recommendations continues to decrease as a result of the Administration's actions. During this period, we tracked the status of 58 recommendations including 16 recommendations issued during this reporting period. Through our review of supporting information, we closed 30 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.

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APPENDIX 1

Recommendation Follow-up
For the Period September 2014 through June 2015
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	--	--	2	--	2	--	1	--	3	--	3
Community Services	2	2	4	2	6	4	1	--	7	4	3
Corporate Services	1	1	5	5	6	6	6	2	12	8	4
Financial Services & Utilities	4	3	1	1	5	4	1	--	6	4	2
Sustainable Development	8	6	4	2	12	8	4	--	16	8	8
Transportation Services	--	--	3	1	3	1	8	--	11	1	10
Subtotal	15	12	19	11	34	23	21	2	55	25	30
<i>Percent Closed</i>		<i>80.0%</i>		<i>57.9%</i>		<i>67.6%</i>		<i>9.5%</i>		<i>45.5%</i>	
Edmonton Public Library	--	--	--	--	--	--	--	--	--	--	--
Edmonton Police Service	2	2	--	--	2	2	--	--	2	2	--
Non-Profit Housing	--	--	--	--	--	--	--	--	--	--	--
Other Boards, Authorities, etc.	1	1	--	--	1	1	--	--	1	1	--
Total	18	15	19	11	37	26	21	2	58	28	30
<i>Percent Closed</i>		<i>83.3%</i>		<i>57.9%</i>		<i>70.3%</i>		<i>9.5%</i>		<i>48.3%</i>	

APPENDIX 2

**Recommendation Follow-up
For the Period September 2014 through June 2015
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		More Than 1 Year	Less Than 1 Year	Not Yet Due	
PROJECTS CLOSED THIS PERIOD									
11327	Software License and Hardware Use	October 3, 2011	2	--	2	--	--	--	--
11334	Edmonton Police Services Payroll Audit	April 4, 2012	4	2	2	--	--	--	--
12342	City Productivity Audit	January 7, 2013	1	--	1	--	--	--	--
13356	Wichitowin Circle of Shared Responsibility Society Review	June 3, 2013	3	2	1	--	--	--	--
13358	Automated Photo Enforcement	August 19, 2013	6	5	1	--	--	--	--
13359	Fire Rescue Services Branch Audit	October 30, 2013	4	--	4	--	--	--	--
13367	Information Protection Readiness	May 23, 2014	3	--	3	--	--	--	--
14372	Google Procurement Process Review	August 25, 2014	2	--	2	--	--	--	--
14378*	S. Edmonton Sanitary Sewer Installation Tender Review	November 14, 2014	1	--	1	--	--	--	--

Audit Number and Title		Original Report		Closed in		In Progress	Recommendations Outstanding		
		Report Date	Total Recs	Prior Periods	This Period		More Than 1 Year	Less Than 1 Year	Not Yet Due
PROJECTS WITH RECOMMENDATIONS OUTSTANDING									
11325	Capital Construction Audit (RD&C Branch)	June 1, 2011	7	5	1	1	--	--	1
11336	2013 Municipal Election	February 27, 2014	5	1	--	4	--	--	4
11337	Development Permit Fee Collection Review	February 1, 2012	6	2	3	1	--	1	--
12344	Drainage Services Branch Audit	January 30, 2013	7	4	2	1	1	--	--
13363	Building Permit and Inspection Services Audit	January 23, 2014	8	--	5	3	2	1	--
13365	Social Media Review	May 23, 2014	3	--	--	3	--	2	1
13366	Landscape Securities	August 28, 2014	2	--	--	2	--	--	2
14369*	City Streets Audit	November 10, 2014	5	--	--	5	--	2	3
14373*	Transportation Contributed Assets Review	January 29, 2015	5	--	--	5	--	--	5
14376*	Community & Recreation Facilities Cash Controls Audit	January 6, 2015	3	--	--	3	--	2	1
15387*	Traffic Shortcutting Audit	June 11, 2015	2	--	--	2	--	--	2
TOTAL			79	21	28	30	3	8	19

* Report issued this period