

TO: Chair and Members of the Audit and Finance Standing Committee

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SUBMITTED BY: Richard Butts, Chief Administrative Officer

DATE: June 9, 2014

SUBJECT: Audit Coordination Update

INFORMATION REPORT

ORIGIN

Audit and Finance Standing Committee – August 17, 2011 – Information Report on Work Plan for the Implementation of Recommendations Resulting from the Auditor General’s Report on Concerts on the North Commons.

Audit and Finance Standing Committee – June 19, 2014 – Audit Coordination Update Information Report.

LEGISLATIVE AUTHORITY

This report relates to the HRM Charter Sections 49 to 54 regarding the appointment of a municipal Auditor General.

BACKGROUND

In July 2011, the Chief Administrative Officer established the Audit Coordination Team (ACT) to respond to and assist with implementation of recommendations made by the Municipal Auditor General (AG). The priority for ACT was to develop a work plan addressing recommendations from the AG’s Report on Concerts on the North Commons (Concert Report). In addition to responding to the Concert Report, the team created a framework to help ensure that recommendations from all AG reports are appropriately answered and implemented. This report provides a summary of progress in cataloguing and implementing recommendations made by the AG. A previous status report was provided to the Audit and Finance committee in June 2013.

DISCUSSION

Prior to the establishment of ACT in July 2011, the AG had written eleven reports. Since that time, sixteen reports have been released by the AG's office. The 27 reports to date have included 480 recommendations. HRM Administration has responded to all of the reports and completed the implementation of 330, or 69 percent, of the recommendations. All recommendations released prior to 2011 have been addressed, and work continues on the implementation of the remaining 150 recommendations. A summary of reports and implementation status for each is included with this report as Attachment 1.

To provide context on progress made during the past year, the rates of completed recommendations from the June 2013 update to Audit and Finance compared to the current (as of June 2014) rates are as follows:

Report Year	June 2013 Percentage Completed	June 2014 Percentage Completed
2010	100%	100%
2011	76%	90%
2012	65%	79%
2013	5%	36%
2014	N/A	0%

In regard to the Concert Report, which was released in June 2011 and became one of the main drivers leading to the creation of ACT, all 54 recommendations have been addressed. Council approval of an agreement with Trade Centre Limited (TCL) regarding operation of the Metro Centre addressed a significant number of recommendations, implementation of which will continue through ongoing work with the province on the governance structure for the new convention centre. Another cluster of recommendations from the Concert Report involved operationalizing the results of an independent review of HRM Legal Services, which was suggested by the AG, completed by a consultant in 2012, and implemented throughout 2013/14.

The majority of outstanding recommendations are from recently released reports, or reports that require longer term effort to effectively complete. Examples of these reports include the review of Grants and Contributions and review of Contribution to the Farmers Market, which are being addressed through a review of HRM's grants portfolio and development of a new corporate grants policy and framework. A similar report is the June 2013 review of Agencies, Boards and Commissions. Work is well underway to address the issues raised in this report. However, due to the dynamics of overseeing organizations with a variety of governance models (i.e. Halifax Regional Libraries, the Halifax Regional Water Commission, and the myriad of multi-district and community recreation facilities) developing and implementing solutions is a complex process that involves long term effort.

Other older reports with outstanding recommendations, such as Area Rates and Consulting Services, require input from a variety of Business Units and/or substantial revision to policy and processes. Work on all outstanding recommendations is being actively carried out, but implementation will take some time because the solutions are complex and/or involve multiple

stakeholders. A summary of reports with outstanding recommendations is included with this report as Attachment 2.

Since its inception, ACT has tracked all AG recommendations and created a template for each report to record management responses and updates on the implementation of individual recommendations. Monthly meetings are held with the CAO to report on the status of implementation and discuss any associated issues. ACT will continue to coordinate responses and monitor implementation of all AG reports, and Business Unit accountabilities will be assigned when reports are released.

In addition, ACT will work on the standards, processes and assessment tools used to monitor audit reports; will regularly review completed recommendations to ensure implementation; and will assess recommendations to identify corporate themes, efficiencies and best use of resources. On this note, ACT will be working with staff from the AG's office in the coming months to develop a Dashboard tool that will help to ensure better tracking and reporting of the Administration's success in addressing and implementing recommendations made by the AG.

FINANCIAL IMPLICATIONS

There are no financial implications directly related to the content of this report.

COMMUNITY ENGAGEMENT

N/A

ATTACHMENTS

Attachment 1 – AG Implementation Status Report (as of June 2014)

Attachment 2 – Status of AG Reports with Outstanding Recommendations (as of June 2014)

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Report Approved by: Richard Butts, Chief Administrative Officer, 490-6430

ATTACHMENT 1

AG Implementation Status Report (as of June 2014)				Recommendations		
Report Title	Release Date	Business Unit Lead	Supporting Business Units	Total	Complete	In Progress
2010						
1 - Unsolicited E-mails	Apr	FICT	All	1	1	
2 - Emergency Vehicle Lighting Tender and Supplementary Report	May	TPW	FICT	14	14	
3 - Theft of Coin, Tickets – Metro Transit	Jul	FICT	Transit, TPW – Corp Security	4	4	
4 - Theft of Coin – Parking Meters	Jul	FICT		2	2	
5 - Automatic Forwarding of E-mail	Oct	FICT	All	1	1	
6 - Purchase and Installation of Bus Wash	Oct	IAM	FICT	8	8	
7 - Transit Cash Collection and Processing Fare Box	Oct	FICT	Transit, TPW – Corp Security	29	29	
8 - Corporate Overtime	Nov	FICT	All	14	14	
Sub-total 2010 – 100% complete				73	73	
2011						
9 - Recreation Area Rates	Jan	FICT	CRS	10	7	3
10 - Corporate Grants, Donations and Contributions	Jan	FICT	CRS, TPW, Council Office	29	19	10
11 - Concerts on the North Common	Jun	CAO	FICT, GRS, Legal, HR, TGL	54	54	
12 - Wireless Communication	Aug	PICT	All	27	27	
13 - District Activity / District Capital	Aug	FICT	Council Office	14	14	
Sub-total 2011 – 90% complete				134	121	13
2012						
14 - Review of RFP Process	Jan	FICT		19	19	
15 - Benefits Budgeting and OT Drivers	Feb	FICT	Transit, Fire, HR	19	19	
16 - Contribution to the Halifax Seaport Farmers' Market	Feb	FICT	CRS, Legal, HR	33	23	10
17 - Use of External Consulting Services	April	FICT	HR, P&I, Legal, CAO	16	10	6
18 - Ticket Atlantic Transfer	July	FICT	CRS, Legal	28	28	
19 - SAP Authorizations	Dec	FICT	HR	11	4	7
20 - Care of Cultural Artifacts	Dec	CRS		6	2	4
Sub-total 2012 – 79% complete				132	105	27

AG Implementation Status Report (as of June 2014)				Recommendations		
Report Title	Release Date	Business Unit Lead	Supporting Business Units	Total	Complete	In Progress
2013						
21 - Economic Development	Jan	GREA (CAO)	Legal	21	19	2
22 - Agencies, Boards and Commissions	June	FICT	HR, CRS	19		19
23 - Metro Transit Review	Sept	Transit		14		14
24 - HRM Payroll System	Sept	FICT	HR	23	9	14
25 - Review of Expenses	Dec	FICT	HRWC, HPL, CSO	10	3	7
Sub-total 2013 – 36% complete				87	31	56
2014						
26 – Review of Training	March	HR		34		34
27 – Review of Absence Leave	April	HR	TPW, Transit	20		20
Sub-total 2014 – 0% complete				54		54
TOTAL ALL YEARS – 69% complete				480	330	150

ATTACHMENT 2

AUDIT COORDINATION TEAM

Status of Reports with Outstanding Recommendations (June 2014)

Report	Release Date	Status of "In Progress" Recommendations (accountable Business Unit in brackets)
Recreation Area Rates <i>(3 of 10 recommendations outstanding)</i>	Jan 2011	The Policy and Procedures for Recreation Area Rates are being updated to ensure processes, roles and responsibilities are clearly documented and understood. Based on a recent opinion from Legal Services regarding HRM's relationship with "area rated" organizations, the policy and procedures are being revised to address the three (3) outstanding recommendations (Finance and ICT).
Grants, Donations, and Contributions <i>(10 of 29 recommendations outstanding)</i>	Jan 2011	One (1) recommendation involves a review of By-Law T-200, respecting tax exemptions, the results of which will be presented to regional Council in the near future (Finance and ICT). A new corporate Grants Policy and Framework is nearing completion and, once approved by Regional Council, will address the remaining recommendations (Finance and ICT).
Halifax Seaport Farmers' Market <i>(10 of 33 recommendations outstanding)</i>	Feb 2012	Seven (7) of the recommendations deal with use of the <i>Community Facility Partnership Fund</i> , which is currently in suspension pending the new corporate Grants framework (Finance and ICT). Two (2) relate to legal opinions regarding the relation of the funding provided to the content of the HRM Charter (Legal Services). The remaining one (1) recommendation will be addressed through the corporate Grants review and policy framework referenced above. (Finance and ICT)
External Consulting Services <i>(6 of 16 recommendations outstanding)</i>	April 2012	Five (5) of the recommendations address procedures for hiring consultants, for which draft guidelines have been developed for review by the CAO (Finance and ICT); and one (1) discusses the need to determine skill sets available internally prior to contracting external services (Human Resources).
SAP Authorizations <i>(7 of 11 recommendations outstanding)</i>	Dec 2012	A comprehensive work plan has been developed to address the recommendations. One (1) of the remaining recommendations will be addressed by the first phase of the <i>SAP Transition Project</i> , scheduled for completion in 2014 and six (6) will be addressed through a second phase, expected to be complete by the end of 2014 (Finance and ICT).
Cultural Artifacts <i>(4 of 6 recommendations outstanding)</i>	Dec 2012	The four (4) recommendations will be addressed when a municipal collections inventory is complete and two draft policies are finalized. Phases one and two of the three-phased project have been completed (Community and Recreation Services).
Economic Development <i>(2 of 21 recommendations outstanding)</i>	Jan 2013	One (1) recommendation concerns a potential Chief Economic Development Officer position, and one (1) relates to the potential provision of Economic Development training for senior staff and elected officials (Government Relations and External Affairs).
Agencies, Boards and Commissions <i>(19 of 19 recommendations outstanding)</i>	June 2013	A work plan has been developed by the Organizational Capacity Team to address sixteen (16) of the recommendations. A project manager has been assigned to conduct a review of Library Services, a governance report on Halifax Water is being prepared, and work continues on a new governance model to operate the convention centre (Finance and ICT). Three (3) of the recommendations will be

Report	Release Date	Status of "In Progress" Recommendations (accountable Business Unit in brackets)
		addressed through the ongoing Multi-District Facility Review (Community and Recreation Services).
Metro Transit (14 of 14 recommendations outstanding)	Sept 2013	All fourteen (14) the recommendations made by the AG largely depend on the successful completion of the Moving Forward Together Plan (Metro Transit network redesign) and the Metro Transit Technology Program. The draft Moving Forward Together Plan is expected to be ready for public and Council consultation in Fall 2014. The Technology Program is a multi-faceted, multi-year project (Metro Transit).
Payroll System (14 of 23 recommendations outstanding)	Sept 2013	The fourteen (14) outstanding recommendations are being dealt with through a combination of (a) work being done by a Business Analyst retained to organize a response to the AG's previous report on ABC's, and (b) development and implementation of an Employee Self Service Payroll system (Finance and ICT).
Review of Expenses (7 of 10 recommendations outstanding)	Dec 2013	Halifax Regional Water has implemented responses for the two (2) recommendations for which it is solely responsible and Halifax Public Libraries for its one (1) recommendation. A work plan is being developed to respond to the remaining seven (7) (Finance and ICT).
Review of Training (34 of 34 recommendations outstanding)	March 2014	Human Resources has developed a comprehensive work plan to respond to the recommendations in this report. Specific milestones for completion begin in Fall 2014, and continue throughout 2015 and early 2016 (Human Resources).
Review of Absence Leave (20 of 20 recommendations outstanding)	April 2014	A work plan is being developed to respond to this report (Human Resources).