



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. No. 1
Audit and Finance Standing Committee
June 17, 2015

TO: Chair and Members of Audit and Finance Standing Committee
Original Signed

SUBMITTED BY:

Richard Butts, Chief Administrative Officer

DATE: June 8, 2015

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, 2013 – Audit Coordination Update Information Report.

Audit and Finance Standing Committee – June 18, 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 all recommendations made by the AG, as well as an update on progress made since the previous report to Audit and Finance. Status reports were provided to the Audit and Finance committee in June 2013 and June 2014.

DISCUSSION

Prior to the establishment of ACT in July 2011, the AG had written eleven reports. Since that time, 21 reports have been released by the AG's office. The 32 reports to date have included 596 recommendations. HRM Administration has responded to all of the reports and addressed the implementation of 426, or 71 percent, of those recommendations. All recommendations released prior to 2011 have been addressed, and work continues on the implementation of recommendations from the remaining reports. A summary of reports and implementation status for each is included as Attachment 1.

To provide context on progress made during the past year, the rates of addressed recommendations from the June 2014 update to Audit and Finance compared to the current (as of June 2015) rates are as follows:

Report Year	June 2014 Percentage Addressed	June 2015 Percentage Addressed
2010	100%	100%
2011	90%	96%
2012	79%	90%
2013	36%	69%
2014	0%	14%
2015	N/A	45%

The majority of outstanding recommendations are from recently released reports, or reports that require longer term effort to effectively address. 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. This framework is expected to be included on a Council agenda in the coming months.

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) implementing solutions through development of shared service approaches and/or adapted governance models is a complex process that involves long term effort.

The other older (pre-2013) reports with outstanding recommendations, Use of External Consulting Services and SAP Authorizations, have required 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 has taken some time because the solutions are complex and/or involve multiple stakeholders. However, the remaining recommendations in these reports are expected to be addressed during the 2015/16 fiscal year. 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.

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 2015)

Attachment 2 – Status of AG Reports with Outstanding Recommendations (as of June 2015)

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Paul Johnston / Coordinator of Corporate Affairs, 902.490.6616

ATTACHMENT 1

AG Implementation Status Report (as of June 2015)				Recommendations		
Report Title	Release Date	Business Unit Lead	Supporting Business Units	Total	Complete/ Addressed	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	10	
10 - Corporate Grants, Donations and Contributions	Jan	FICT	P&R, TPW, Council Office	29	24	5
11 - Concerts on the North Common	Jun	CAO	FICT, CRS, Legal, HR, TCL	54	54	
12 - Wireless Communication	Aug	FICT	All	27	27	
13 - District Activity / District Capital	Aug	FICT	Council Office	14	14	
Sub-total 2011 – 96% complete				134	129	5
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	P&R, Legal, HR	33	31	2
17 - Use of External Consulting Services	April	FICT	HR, OS, Legal, CAO	16	11	5
18 - Ticket Atlantic Transfer	July	FICT	CRS, Legal	28	28	
19 - SAP Authorizations	Dec	FICT	HR	11	5	6
20 - Care of Cultural Artifacts	Dec	CRS		6	6	
Sub-total 2012 – 90% complete				132	119	13

AG Implementation Status Report (as of June 2015)				Recommendations		
Report Title	Release Date	Business Unit Lead	Supporting Business Units	Total	Complete/ Addressed	In Progress
2013						
21 - Economic Development	Jan	GREA (CAO)	Legal	21	21	
22 - Agencies, Boards and Commissions	June	FICT	HR, P&R	19	11	8
23 - Metro Transit Review	Sept	Transit	FICT	14	12	2
24 - HRM Payroll System	Sept	FICT	HR	23	11	12
25 - Review of Expenses	Dec	FICT	HRWC, HPL, Council Office	10	5	5
Sub-total 2013 – 69% complete				87	60	27
2014						
26 – Review of Training	March	HR		34	1	33
27 – Review of Absence Leave	April	HR	TPW, Transit	20	6	14
28 – Equipment Fuel Program	Sept	FICT / OS	HRP	30	2	28
29 – Fire Non-Emergency Fleet	Oct	Fire	OS (Fleet)	17	5	12
Sub-total 2014 – 14% complete				101	14	87
2015						
30 – Washmill Lake Project	Jan	CAO	OS, HR, FICT, TPW	54	26	28
31 – Compliance Review of Expenses	May	FICT	CSO	7	2	5
32 – Fuel Spill at Transit	May	FICT	Transit, OS	8	3	5
Sub-total 2015 – 45% complete				69	31	38
TOTAL ALL YEARS – 71% complete				596	426	170

ATTACHMENT 2

AUDIT COORDINATION TEAM Status of Reports with Outstanding Recommendations (June 2015)

Report	Release Date	Status of "In Progress" Recommendations (accountable Business Unit in brackets)
Grants, Donations, and Contributions (5 of 29 recommendations outstanding)	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 Framework and Administrative Order is nearing completion and, once approved by Regional Council, will address the remaining recommendations (Finance and ICT).
Halifax Seaport Farmers' Market (2 of 33 recommendations outstanding)	Feb 2012	The two (2) remaining recommendations relate to legal opinions regarding the relation of the funding provided to the content of the HRM Charter (Legal Services).
External Consulting Services (5 of 16 recommendations outstanding)	April 2012	The five (5) recommendations address procedures for hiring consultants, for which draft guidelines have been developed and are being reviewed by the CFO (Finance and ICT).
SAP Authorizations (6 of 11 recommendations outstanding)	Dec 2012	The upcoming Employee Self Service / Manager Self Service Enhancement project should cover most of the remaining recommendations. This project will commence by Fall 2015 and is expected to be 14 months in duration. SAP role cleanup is close to completion, with the majority of development work projected for June 2015. Automated workflow procedures will be developed within ICT's ServiceNow system at the conclusion the security role cleanup and a policy review is included in ICT's plan for fiscal 15/16 (Finance and ICT).
Agencies, Boards and Commissions (8 of 19 recommendations outstanding)	June 2013	A work plan has been developed by the Organizational Capacity Team to address sixteen (16) of the recommendations through development of a shared services approach. All issues with core Business Units have been resolved, a project manager has completed a review of Library Services, a governance report on Halifax Water has gone to Council and a shared services agreement signed as a result, and work continues on a new governance model to operate the convention centre (Finance and ICT). Three (3) of the recommendations will be addressed through the ongoing Multi-District Facility Review (Parks and Recreation).
Metro Transit (2 of 14 recommendations outstanding)	Sept 2013	The two (2) outstanding recommendations depend on the ongoing implementation of the Moving Forward Together Plan (Metro Transit network redesign) and the Metro Transit Technology Program. The draft Moving Forward Together Plan is currently in the implementation phase. The Technology Program is a multi-faceted, multi-year project (Metro Transit).
Payroll System (12 of 23 recommendations outstanding)	Sept 2013	The twelve (12) 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

Report	Release Date	Status of "In Progress" Recommendations (accountable Business Unit in brackets)
		Payroll system, which has been included in the 2015/16 capital budget (Finance and ICT) .
Review of Expenses (5 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. HRM has addressed two (2) and the remaining five (5) involve changes to the Employee Reimbursement Policy and related guidelines (Finance and ICT) .
Review of Training (33 of 34 recommendations outstanding)	March 2014	Human Resources have developed a work plan to respond to the recommendations in this report. Specific milestones for completion range from April 2015 (tuition reimbursement program) to April 2016 (RFP issued to review training program) (Human Resources) .
Review of Absence Leave (14 of 20 recommendations outstanding)	April 2014	Human Resources have developed a work plan to respond to the recommendations in this report. Most work to date has been on scoping the work associated with the recommendations, prioritizing them (with a small team from HR and FICT - Payroll). Specific milestones for completion begin in early 2015, and continue throughout 2015 and early 2016 (Human Resources) .
Equipment Fuel Program (28 of 30 recommendations outstanding)	Sept 2014	A work plan has been developed to respond to this report. Themes in the plan include development of new guidelines for use of fuel cards / fobs, improved reporting processes, and alignment of the recommendations with the development and implementation of new Fleet software (Finance and ICT, Transportation and Public Works) .
Fire Non-Emergency Fleet (12 of 17 recommendations outstanding)	Oct 2014	Recommendations are categorized into two specific action areas which will address all of the outstanding recommendations: revision of the fire fleet policy and improvement of fleet data. The revised policy was signed by the Chief in April 2015. The paperwork has been completed to request a Sole Source for the Kerr Global GPS System in the utility vehicles and has been forwarded to Procurement for their action (Fire and Emergency Services) .
Review of Washmill Project (28 of 54 recommendations outstanding)	Jan 2015	The detailed management response developed and forwarded to the AG outlines the progress made on the Washmill project. Outstanding recommendations are being addressed through further refinement of the corporate structure, further project management and capital budget process changes, implementation of the HR review, and review of relevant policies (i.e. Procurement) (Finance and ICT, Human Resources, Operations Support) .
Compliance Review of Expenses (5 of 7 recommendations outstanding)	May 2015	Two (2) of the recommendations have been addressed as a result of work on the previous report on expenses released by the AG, four (4) are expected to be addressed through revisions to policy, and one (1) through process change with HRM's purchasing card vendor (Finance and ICT) .
Fuel Spill at Halifax Transit (5 of 8 recommendations outstanding)	May 2015	One (1) of the outstanding recommendations is directed specifically at Regional Council, two (2) relate to the development of environmental policy and fuel training (Operational Support) , and two (2) address better control mechanisms at Halifax Transit (Transit) .