



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

TO: FINANCE AND CORPORATE SERVICES COMMITTEE

PREPARED BY AND KEY CONTACT: S. MACGREGOR, DIRECTOR OF INTERNAL AUDIT EXT# 5452

SUBMITTED BY: S. MACGREGOR, DIRECTOR OF INTERNAL AUDIT

GENERAL MANAGER APPROVAL: N/A

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

DATE: FEBRUARY 5, 2019

SUBJECT: 4TH QUARTER INTERNAL AUDIT STATUS REPORT, SUMMARY OF 2018 INTERNAL AUDIT ACTIVITY AND 2019 INTERNAL AUDIT WORKPLAN

WARD: ALL

RECOMMENDED MOTION

1. That the 4th Quarter Internal Audit Status Report be received as information.
2. That the Summary of 2018 Internal Audit Activity attached as Appendix “D” to the Report to the Finance and Corporate Services Committee dated February 5, 2019 be received as information.
3. That the Internal Audit Work Plan for 2019 attached as Appendix “E” to the Report to the Finance and Corporate Services Committee dated February 5, 2019 be approved.

PURPOSE & BACKGROUND

4. The purpose of this Staff Report is: to provide the 4th Quarter Internal Audit Status Report, to provide a summary of all 2018 Internal Audit Activity as required by the Internal Audit Charter, and to approve the Internal Audit Work Plan for 2019.
5. The following Report provides a summary of the Internal Audit activities performed from September to December 2018:

#	Project	Focus	Status
1	Transit Contract Performance Monitoring	Consulting	Complete
2	Transit Cash Handling	Follow Up	Complete
3	Service Barrie Cash Handling	Follow Up	Complete
4	Inventory Counts	Compliance	Complete
5	Monitoring of Incidents	Process Review	In progress



#	Project	Focus	Status
6	Water Billing	Controls	In progress
7	SAP	Controls	In progress
8	Emergency Services Campus	Consulting	Ongoing
9	Fraud & Wrongdoing Program Oversight	Consulting	Ongoing

6. In addition to the projects noted above, Internal Audit provided ad hoc consultations with departments and completed 2 confidential investigations.
7. The projects in progress will be included in the next Internal Audit update to the Finance and Corporate Services Committee upon completion.

ANALYSIS

TRANSIT CONTRACT PERFORMANCE MONITORING

Background

8. In 2014, the City entered into a performance based contract (“the contract”) with MVT Barrie Bus Inc., a private contractor (“the contractor”), which included the daily operation and maintenance of its transit services.
9. The City owns a fleet of 63 conventional and specialized buses and is responsible for the administration, planning, scheduling, revenue generation and fleet purchases for the transit service.
10. Schedule 12: Part E Performance Management of the contract sets out performance expectations and Service Failures which are measured using Key Performance Indicators (“KPIs”). Service Failures result in a deduction from the monthly payment owed by the City for the contractor’s services.
11. A total of 58 KPIs are specified in the contract with deduction values ranging from \$250 to \$50,000 and are assessed either monthly, quarterly or annually.

Objective

12. To provide consulting services related to a review of the collection and monitoring of performance in relation to the City’s performance based contract.

Methodology

13. The following activities were performed:
 - a) Review of the contract Schedule 12: Part E: Performance Management;
 - b) Review of available documentation supporting the assessment of KPIs and payment deductions for the contract;
 - c) Meetings with management and staff in the Transit department; and
 - d) Observation of conventional bus operation.



Conclusion

14. The contract contains 58 KPIs used to monitor the contractor’s service delivery but certain measures lack practical guidance as to how the KPIs will be assessed. Without a clear methodology for assessing the contract KPIs, differing views of compliance with the contract requirements between the City and the contractor have resulted. Consideration of Internal Audit’s recommendations may improve the City’s monitoring of KPIs in Transit’s performance based contract.

Findings

15. KPI types include:
- a) “Ongoing” which is comprised of KPIs that are assessed on either a monthly, quarterly or annual basis.
 - b) “Mutually Exclusive” which is comprised of 6 measures relating to 3 categories where an assessment is required of either “below expectation”, “poor performance” or “unacceptable performance”. Only one measure can be assessed for each category (i.e. assessed as either “below expectation” or “poor performance” but cannot be assessed as both).
 - c) “Transition” which is comprised of 3 KPIs that assess operational start-up measures at the commencement of the contract.
16. The categories of KPIs in the contract are detailed below:

Category	KPI Type			Total KPIs
	Ongoing	Mutually Exclusive	Transition	
Transit – service reliability	1	2	-	3
Transit – on time performance	1	2	-	3
Transit – breakdowns	1	2	-	3
Management	9	-	-	9
Compliance	4	-	-	4
Lifecycle replacement	1	-	-	1
Reporting	3	-	-	3
Human resources	3	-	-	3
Communications	1	-	-	1
Operations centre	1	-	-	1
Emergency management	1	-	-	1
Barrie designated space	2	-	-	2
Transit safety & security	4	-	-	4
Transit customer service	3	-	-	3
Transit reliability	4	-	-	4
Transit reliability – fleet maint.	2	-	-	2
Fleet reliability – vehicles	1	-	-	1
Specialized transit vehicles	5	-	-	5
Transition	-	-	3	3
Signage and transit hub maint.	2	-	-	2
Total	49	6	3	58



- 17. From January to July 2018, 27 of the 49 ongoing KPIs have been assessed as a Service Failure resulting in a deduction from the City's monthly service payments. The categories of KPIs and the percentage of the total dollar value of deductions year to date is summarized below:

Category	# KPIs	% of \$ value of deductions YTD
Signage and transit hub maint.	1	18.4
Transit reliability	2	16.7
Human resources	1	15.1
Transit – service reliability	1	11.2
Management	1	9.5
Transit – breakdowns	1	7.9
KPIs <5% total \$ assessed	20	21.2
Total	27	100.0%

- 18. Observations identifying areas for consideration, recommendations and management's response are summarized in Appendix "A". The recommendations relate to the following areas:

Area	# Recommendations
Definition of KPIs	2
Monitoring	4
Documentation	1
Total	7

TRANSIT CASH HANDLING FOLLOW UP

Background

- 19. The cash handling review for Transit was completed in 2017. The findings, observations and recommendations from the review were presented to the Finance and Corporate Services Committee on April 26, 2017. There were seven recommendations for improvement related to the following areas:

Area	# Recommendations
Operations	4
Physical security	2
Policies and procedures	1
Total	7

- 20. Internal Audit performed a follow up review to assess the status of the recommendations to ensure that appropriate and timely actions had been taken.

Objective

- 21. Assess the status of the recommendations from the Transit cash handling review performed in 2017.



Methodology

- 22. The following activities were performed:
 - a) Meetings with Transit staff; and
 - b) Review of procedures for Transit related to cash.

Conclusion

- 23. Transit has taken appropriate action to implement recommendations made by Internal Audit in the 2017 cash handling review. Five of the seven recommendations have been completed and the remaining two recommendations are on hold until the approval of a corporate point of sale system is obtained.

Findings

- 24. Appendix “B” contains the first three columns originally reported in the April 26, 2017 Internal Audit Status Report for the Finance and Corporate Services Committee along with a fourth column which includes Internal Audit’s follow-up comments.

SERVICE BARRIE CASH HANDLING FOLLOW UP

Background

- 25. The cash handling review for Service Barrie was completed in 2017. The findings, observations and recommendations from the review were presented to the Finance and Corporate Services Committee on September 27, 2017. There were five recommendations for improvement related to the following areas:

Area	# Recommendations
Operations	2
Physical security	2
Policies and procedures	1
Total	5

- 26. Internal Audit performed a follow up review to assess the status of the five recommendations to ensure that appropriate and timely actions had been taken.

Objective

- 27. Assess the status of the recommendations from the Service Barrie cash handling review performed in 2017.

Methodology

- 28. The following activities were performed:
 - a) Meetings with Service Barrie staff;
 - b) Walkthrough of the Service Barrie area; and
 - c) Review of procedures for Service Barrie related to cash.



Conclusion

29. Staff in Service Barrie have been proactive in addressing three of the Internal Audit recommendations from the initial cash handling review. The remaining two recommendations are on hold as they are dependent on a point of sale system, which is a corporate initiative that has not yet been approved.

Findings

30. Appendix “C” contains the first three columns originally reported in the September 27, 2017 Internal Audit Status Report for the Finance and Corporate Services Committee along with a fourth column which includes Internal Audit’s follow-up comments.

INVENTORY COUNTS

Background

31. In 2017, Internal Audit attended the annual inventory counts performed by the Storespersons to provide independent observation of the process. A follow-up review was completed at both the Stores’ Water Operations and Operations Centre locations for 2018.

Objective

32. The objective of this review was to observe the inventory count process and confirm the physical quantities for a sample of items on hand compared to counts performed by Stores in their year-end inventory procedures.

Methodology

33. The following activities were performed:
- a) Review of the inventory listings for both Stores locations;
 - b) Selected a sample of inventory items to assess whether quantities on hand agreed to the quantities counted by Stores;
 - c) Confirmation of the physical quantities of the selected samples; and
 - d) Discussions with Storespersons regarding the inventory counts.
34. Inventory valuation was not confirmed or assessed during the inventory observation.

Findings

35. No variances in quantities were identified in the sample of items tested at the two Stores locations.
36. The dollar value of inventory items tested by Internal Audit and the percentage of items tested relative to the total inventory value is set out below:

	Stores A (Operations Centre)	Stores B (Water Operations)	Total
Value of Stores inventory	\$187,433	\$588,967	\$776,400
Value of items tested	\$102,394	\$161,414	\$263,808
% of inventory tested	55%	27%	34%



Conclusion

37. The physical inventory count procedures are working effectively at both Stores locations. In addition, we note that the physical quantities on hand were substantially in agreement with the quantities recorded in Great Plains which supports the accuracy of Stores' management of inventory movements at both Stores locations.

SUMMARY OF 2018 INTERNAL AUDIT ACTIVITY

38. The Internal Audit Charter states that Internal Audit will prepare an annual report to the Finance and Corporate Services Committee summarizing all activity for the previous year showing the status of work against the approved plan.
39. A summary of the 2018 Internal Audit activity is attached in Appendix "D".

INTERNAL AUDIT WORKPLAN FOR 2019

40. The Internal Audit work plan for 2019 included in Appendix "E" has been developed from the identification of risk areas by the Director of Internal Audit with input from the Executive Management Team (EMT), the Chair of the Finance and Corporate Services Committee, and follow-up on Internal Audit work completed in 2018 to assess the status of recommendations. There is some flexibility in the work plan to be able to address projects that may arise during the year from Council or EMT.

ENVIRONMENTAL MATTERS

41. There are no environmental matters related to this Staff Report.

ALTERNATIVES

42. As this Report is being presented for information purposes only, no alternatives are presented.

FINANCIAL

43. There are no immediate financial implications for the Corporation related to this Staff Report.

LINKAGE TO 2018-2022 STRATEGIC PLAN

44. The 2018-2022 Council Strategic Plan has not been finalized as of the writing of this Report. However, the recommendations included in this Staff Report support the Responsible Spending goal identified in the 2014-2018 Strategic Plan.
45. Implementation of the recommendations identified in the Internal Audit projects will achieve enhanced processes and controls to protect the City's assets as well as increase efficiency in the delivery of services.



Appendix “A” – Transit Contract Performance Monitoring Observations, Recommendations and Management Response

Observation	Recommendation	Management Response
<p>1. Alignment of KPIs with the City’s key priorities</p> <p>The KPIs for monitoring performance do not appear to be aligned with the City’s key priorities.</p> <p>Payment deductions resulting from KPI Service Failures are increasing while ridership and customer satisfaction results are increasing.</p> <p>There are 58 KPIs included in the contract used to monitor contract performance.</p>	<p>Prioritize the KPIs to identify the City’s most significant measures.</p> <p>Consider whether the dollar amount of the financial penalties associated with KPI failures are aligned with the City’s key priorities.</p> <p>Determine whether the “key” indicators can be reduced to focus on those of greatest significance while maintaining the intent of the contract to sufficiently monitor service delivery.</p>	<p>City staff have initiated discussions with the contractor to review contractually defined KPI’s. City staff are awaiting follow up from the contractor prior to proceeding. As the City works with the contractor, the KPI prioritization will be considered as part of the process.</p> <p>Ridership, customer satisfaction and KPI performance, while linked, are not inclusively attributable to each other. Through the review of the KPI’s with the contractor, City staff will ensure the key priorities align with the intent of the Performance Based contract, and that the performance deductions are reasonable.</p>
<p>2. Assessment of KPIs</p> <p>23/58, or approximately 40%, of the KPIs are subjective in nature and cannot be objectively measured which can result in different views on achievement of the KPIs.</p> <p>The KPIs are specified in the contract but the method of assessing KPIs is not formally agreed between the City and contractor.</p>	<p>Consider the feasibility of joint working sessions between the City and the contractor to obtain agreement on the assessment method of the 58 KPIs which would result in a common understanding of KPI achievement.</p>	<p>City staff have initiated discussions with the contractor to review contractually defined KPI’s. City staff are awaiting follow up from the contractor prior to proceeding.</p> <p>City staff have identified a number of KPI’s which are not clearly or formally defined in the contract. Staff have contacted the initial consultants who were part of developing the KPIs to discuss/review known items.</p>
<p>3. Utility of information</p> <p>The contractor provides the City with information on a monthly basis that is not in a format that allows efficient assessment of the KPIs.</p> <p>The information provided by the contractor requires further analysis or follow-</p>	<p>Communicate the specific information required, as well as information not required, to the contractor for the assessment of KPIs.</p> <p>More efficient provision of KPI component information may reduce effort for the contractor to comply with contract</p>	<p>City staff provided feedback to the contractor on improved reporting and/or communication methods.</p> <p>Based upon the review of existing KPI’s, City staff will identify and evaluate the effectiveness and value of contractual requirements.</p>



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Observation	Recommendation	Management Response
up to enable the assessment of KPIs.	requirements and the City to assess the KPIs.	
<p>4. Frequency of monitoring</p> <p>KPIs are monitored on either a monthly, quarterly or annual basis resulting in significant effort for the contractor and the City to compile the necessary information.</p>	<p>Evaluate the frequency of monitoring required for City's assessment of service delivery to conclude whether the intervals specified in contract continue to be appropriate.</p> <p>If the KPIs can be assessed less frequently, and still obtain the information required to monitor the business operations effectively, it will reduce ongoing effort for both the contractor and the City.</p>	<p>Significant resources are spent on the number of and frequency in reporting. City staff has initiated discussions with the contractor to review existing KPI's and reporting tools. City staff are currently waiting on a response from the contractor.</p> <p>Currently, the frequency allows City staff to have increased reaction time operationally, however alternatives will be considered during the review.</p>
<p>5. Responsibility for assessment of KPIs</p> <p>The contract states that the contractor is responsible for monitoring the KPIs.</p> <p>Currently, the contractor provides information to the City used in the assessment of the KPIs but does not assemble all the reported KPIs to the City. The City prepares monthly KPI assessment and reporting which is shared with the contractor.</p>	<p>Consider the ability to shift responsibility for assessment of KPIs to the contractor, followed by City review.</p>	<p>City staff and the contractor have considered shifting the responsibility for compiling the KPI assessment but given the fact that the City is already tracking/monitoring the key KPI's the decision was confirmed to remain with the City.</p> <p>As an alternative, City staff share documentation with the contractor for mutual review and discussion prior to the final application of KPI deductions. However, as the KPI review process continues to evolve consideration can be given to shift the responsibility in the future.</p>
<p>6. Assessment and application of performance deductions</p> <p>The contract provides discretion for the City to deviate from applying the KPIs. As a result, certain performance deductions may not be assessed by</p>	<p>Continue to assess KPIs at the frequency and measurement stipulated in the contract. Apply deductions resulting from Service Failures, considering deviations from KPIs as appropriate in the City's discretion, to maintain a consistent assessment approach.</p>	<p>City staff will increase tracking of the assessment and application of performance deductions to provide additional insight into contractual and operational performance.</p> <p>As the City works through the review process with the contractor, further adjustments to the KPI's may be considered, assuring continued protection of service standards and operational effectiveness.</p>



Observation	Recommendation	Management Response
<p>the City at the frequency set out in the contract.</p>	<p>Consider if further amendments to the KPIs are required to address situations where deductions are not applied to reflect a more realistic expectation for service delivery.</p>	
<p>7. Formalized assessment procedures Formalized assessment procedures for the contract KPIs do not currently exist.</p>	<p>Formalize and document the assessment method for all KPIs to ensure continuity and consistency in the calculation of contract service deductions.</p>	<p>In conjunction with the KPI review process, City staff will document the assessment procedure for each KPI.</p>



Appendix “B” – Transit Cash Handling Observations, Recommendations, Management Response and Follow Up

Observation	Recommendation	Management Response	Follow Up
<p>1. Point of Sale System</p> <p>The current point of sale system at the Terminal for City of Barrie sales is manual which is time consuming and susceptible to human error/potential abuse.</p>	<p>Following on previous department initiatives considering point of sale systems, assess current viable options for automated point of sale systems that will allow for reporting, receipting and increase efficiency and effectiveness of the Terminal operations.</p> <p>Consider whether options can integrate the current systems for all types of sales at the Terminal to consolidate reporting of revenue from all sources.</p>	<p>i) Transit staff has reviewed the option to use the same system as Recreation called Activenet. Given the current contract in place, Transit would see an annual operating budget increase of \$78,500 in transactional costs.</p> <p>ii) Transit staff has followed up with the Centre for Continuous Improvement as they were investigating a corporate-wide POS system. The project has been tentatively planned to begin in 2018 subject to budget approval.</p>	<p>Status: In Progress</p> <p>A corporate Point Of Sale (“POS”) solution was initially included in the 2019 Business Plan however the Transit department’s progress on this recommendation is on hold until a corporate solution can be determined. The corporate solution will look at opportunities to overlay the multiple point of sale systems currently used at the Terminal.</p> <p>The earliest the POS will be approved is part of the 2020 Business Plan with potential implementation in 2021.</p>
<p>2. Policies and procedures</p> <p>While general guidelines are in place, formalized and documented policies and procedures for cash handling do not exist.</p>	<p>Formalize and communicate documented procedures over cash handling which will define responsibilities and clarify expectations for staff.</p>	<p>i) Transit staff are currently reviewing and updating all cash policies and procedures. Staff has identified missing procedures and will develop and forward to the Internal Auditor for review once completed.</p> <p>ii) All procedures are to be formalized and approved by Q3 2017.</p>	<p>Status: Complete</p> <p>Policies and Procedures have been developed, formalized and approved for Transit operations.</p>



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Observation	Recommendation	Management Response	Follow Up
<p>3. Safeguarding cash and equivalents</p> <p>Security over cash and equivalents (passes, ride cards) can be improved.</p>	<p>Review the physical security over cash and cash equivalents throughout the cash handling processes in Transit to ensure achievement of a consistent level of security for both employees and the assets.</p>	<p>i) Implemented new cash and cash equivalent handling procedures on April 3rd to reflect Internal Audit's recommendation, which include; installation of additional security cameras and policy & procedural changes to ensure staff do not transport cash/cash equivalents.</p>	<p>Status: Complete</p> <p>Transit has implemented appropriate security measures for its operations to achieve security for its staff and assets.</p>
<p>4. Cash floats</p> <p>Cash floats are shared between staff which limits the ability to attribute cash handling transactions to a specific individual.</p>	<p>Assess the ability to assign a cash drawer to each employee handling cash to provide individual accountability for cash handling.</p>	<p>i) This procedural change will be dependent on the decision with regards to the POS system solution. Staff is currently investigating the impact of providing individual floats based on the current systems in place.</p>	<p>Status: In Progress</p> <p>Implementation of this recommendation is connected to the implementation of a POS system for Transit which is pending a corporate solution.</p>
<p>5. Segregation of duties</p> <p>There is a lack of segregation of duties at the Terminal in that individuals can access cash/cash equivalents, and related control records.</p>	<p>Assess the ability to restrict responsibilities of employees at the Terminal so that the collection cash is segregated from related control activities.</p> <p>Perform a periodic independent verification of inventory for cash and equivalents at the Terminal and other sales locations which will provide a level of review which is segregated from individuals involved in the transactions.</p>	<p>i) The segregation of duties would further be improved with an automated POS system solution.</p> <p>ii) With the current systems in place, staff are running a pilot program that only front line staff are to perform transactions involving cash/cash equivalents.</p> <p>iii) Staff implemented use of tamper evident cash bags on April 12th for end of shift float deposit to mitigate the opportunity for deposits to be manipulated.</p>	<p>Status: Complete</p> <p>Responsibilities of employees at the Terminal have been aligned to ensure that the collection of cash is segregated from related control activities.</p> <p>Independent verification of inventory is now performed for Transit's sales locations.</p>



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Observation	Recommendation	Management Response	Follow Up
<p>6. Combinations for safes</p> <p>Combinations to safes are not changed on a periodic basis.</p>	<p>Change combinations for safes on a periodic basis (i.e. annually) or if there are other significant changes (such as turnover of personnel, movement of the safe to another location etc.).</p>	<p>i) This has been implemented in Transit's current practice and will be included in the updated policies & procedures.</p>	<p>Status: Complete</p> <p>Procedures have been implemented to ensure changes to combinations are made on a periodic basis as needed.</p>
<p>7. Expired passes</p> <p>Expired passes are retained indefinitely without a formalized destruction protocol which results in the storage of excess records.</p>	<p>Once expired passes are returned by agents and put into inventory, ensure an independent verification of the returned inventory is performed and documented.</p> <p>Destruction of the records in accordance with document retention policies can then occur which will reduce longer term storage needs and costs.</p>	<p>i) Expired passes are now being destroyed after each external audit. Current 2016 passes are to be removed and destroyed upon completion of the 2017 audit.</p> <p>ii) Handling of expired passes will also be added to the updated policies and procedures.</p>	<p>Status: Complete</p> <p>Secondary verification of expired passes is in place and a destruction policy has been implemented following the external audit each year.</p>



Appendix “C” – Service Barrie Cash Handling Observations, Recommendations, Management Response and Follow Up

Observation	Recommendation	Management Response	Follow Up
<p>1. Safeguarding cash and equivalents Security measures over cash and equivalents have been implemented with the launch of Service Barrie but can continue to be enhanced as the operations mature.</p>	<p>Review physical security and operating protocols related to cash and equivalents to ensure continued enhancement of security for employees and City assets.</p> <p>Restrict access to secure areas to authorized Service Barrie staff.</p> <p>A formal process for tracking and monitoring cash equivalents disbursed by Service Barrie should be developed.</p>	<p>New procedures will be developed and documented as a result of physical environment changes and input from the Corporate Facilities security audit. Staff will receive training on the new procedures.</p> <p>Renovations are planned for Q4 2017 which will enable access to be more effectively restricted.</p>	<p>Status: Complete</p> <p>A renovation of the Service Barrie area has been completed which has addressed the physical and operating issues identified in the initial cash handling review.</p> <p>Access to secure areas has been enhanced and restricted to Service Barrie staff. An annual review of access to secure areas has been set up in the management schedule.</p> <p>A reconciliation process is formalized and documented for the cash equivalents handled by Service Barrie staff.</p>



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Observation	Recommendation	Management Response	Follow Up
<p>2. Shared cash floats and system access Cash floats and system access logins are shared between staff which limits the ability to attribute cash handling transactions to a specific individual.</p>	<p>Assess the ability to assign separate cash tills and system access to each staff handling cash to provide individual accountability.</p>	<p>Service Barrie will investigate options within Great Plains, Sungard, Ticket Tracer and Accela to meet this recommendation.</p> <p>Introduction of a Point of Sale System (POS) is being considered as part of the 2018 budget as identified by Innovate Barrie.</p>	<p>Status: In Progress</p> <p>On hold waiting for a new point of sale system and the replacement of existing systems (such as Great Plains and Sun Guard).</p>
<p>3. Combinations for safe and vault room A formalized procedure to change the combinations for the safe and vault room is not in place.</p>	<p>Formalize a procedure to change combinations for the safe and vault room on a periodic basis (i.e. annually) or if there are other significant changes.</p>	<p>Agreed. Service Barrie staff will review and formalize a policy and procedure for this area.</p>	<p>Status: Complete</p> <p>A formalized procedure has been implemented to ensure combinations to the safe and vault are changed on a periodic basis.</p> <p>The Service Barrie combination tracking sheet reflects combinations have been changed since the original cash handling review.</p>



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Observation	Recommendation	Management Response	Follow Up
<p>4. Point of Sale System Multiple sales systems are used by Service Barrie and manual consolidation of total service delivery, for entry into the City's financial system, is required which is time consuming and susceptible to human error/potential abuse.</p>	<p>Following on previous department initiatives considering point of sale systems, assess current viable options for an automated point of sales system that will allow for reporting and receipting for all Service Barrie functions and integrate with the City's financial system.</p>	<p>Service Barrie reviewed the option to use the same point of sale system as Recreation called Activenet. Given the current contract in place, Service Barrie would see an increase to its annual operating budget which was not economically feasible.</p> <p>Introduction of a Corporate POS is being recommended as part of the 2018 budget as identified by Innovate Barrie.</p>	<p>Status: In Progress</p> <p>On hold waiting for the implementation of a corporate point of sale system.</p>
<p>5. Policies and procedures Documented policies and procedures for Service Barrie cash handling can be enhanced.</p>	<p>Existing policies and procedures should be updated, formalized and communicated to staff.</p>	<p>Service Barrie Staff will review and update all cash and equivalent handling policies and procedures.</p> <p>Service Barrie will work with Human Resources to confirm and formalize the draft security protocol. Training for all Service Barrie staff will be incorporated and embedded into future training.</p>	<p>Status: Complete</p> <p>Formalized written procedures now exist for the balancing of the service counters and reconciliation of cash equivalents.</p> <p>Existing documentation and training have been updated and now include emergency procedures.</p>



Appendix “D” – Summary of 2018 Internal Audit Activity

#	Project	Area	Audit Focus	Status
1	(from 2017) Fraud Risk Assessment – conduct an assessment of the City’s potential fraud risks	Corporate-wide	Entity level controls	Complete
2	Parks – review of the efficiency and effectiveness of the City’s maintenance of sports fields.	Parks	Process Review	Complete
3	Cash Handling – to assess the adequacy and effectiveness of internal controls over cash handling in the Recreation Services Department.	Recreation Services	Process Review	Complete
4	Fleet – analysis of fleet rentals to compare costs of renting, leasing and ownership to determine the most effective option for the City.	Fleet	Consulting	Complete
5	Development –review of the processes and controls related to the implementation, recordkeeping, monitoring and effectiveness of development and related agreements in the secondary plan areas and the built boundary.	Planning & Building/Finance	Process Review	To 2019
6	Accounts Payable – evaluate the adequacy and effectiveness of internal controls related to accounts payable and vendor management.	Finance	Compliance	Complete
7	Follow Up Cash Handling – assess the status of recommendations from the review performed in 2017.	Transit	Follow Up	Complete
8	Follow Up Cash Handling – assess the status of recommendations from the review performed in 2017.	Service Barrie	Follow Up	Complete
9	Transit – collection and monitoring of performance for the City’s performance based contract.	Transit	Consulting	Complete
10	SAP – pre-implementation assessment of data migration and segregation of duties for the Finance and Human Resources SAP functions.	Centre for Continuous Improvement	Controls	In Progress



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#	Project	Area	Audit Focus	Status
11	Monitoring of Incidents – review the efficiency and effectiveness of the City’s monitoring and related response to incidents on City property.	Legal	Process Review	In progress
12	Parking – review of the efficiency and effectiveness of revenue generating parking lots operated by the City.	Roads	Process Review	To 2019
13	Water Billing – evaluate the adequacy and effectiveness of the processes and controls in place over water billing and collection.	Finance/Water	Controls	In progress
14	Follow Up Procurement - assess the status of recommendations from the review performed in 2017.	Finance	Follow Up	To 2019
15	Inventory Count – observation of the annual Stores inventory counts.	Stores	Compliance	Complete
16	Emergency Services Campus – assess the effectiveness of controls over project payments by exercising the City’s right to audit.	Facilities	Controls	Ongoing
17	Confidential investigations/ Fraud & Wrongdoing Program oversight	As needed	Consulting	Ongoing
18	BMC Third Party Contract – monitor and assess third party contractual compliance by exercising the City’s right to audit.	Recreation Facilities	Compliance	To 2019



Appendix “E” – 2019 Internal Audit Work Plan

#	Project	Area	Audit Focus	Estimated Timing
1	(from 2018) Monitoring of Incidents – review the efficiency and effectiveness of the City’s monitoring and related response to incidents on City property.	Legal	Process Review	Q1
2	(from 2018) Water Billing – evaluate the adequacy and effectiveness of the processes and controls in place over water billing and collection.	Finance/Water	Controls	Q1
3	(from 2018) SAP – pre-implementation assessment of data migration and segregation of duties for the Finance and Human Resources SAP functions.	Centre for Continuous Improvement	Controls	Q1
4	Payroll – review of the adequacy and effectiveness of internal controls related to payroll.	Human Resources	Controls	Q1
5	(from 2018) Emergency Services Campus – provide support to the City project team to assess the effectiveness of controls over project payments by exercising the City’s right to audit.	Facilities	Consulting	Q1-Q4
6	(from 2018) Development –review of the processes and controls related to the implementation, recordkeeping, monitoring and effectiveness of development and related agreements in the secondary plan areas and the built boundary.	Planning & Building/ Finance	Process Review	Q2
7	(from 2018) Parking – review of the efficiency and effectiveness of revenue generating parking lots operated by the City.	Roads	Process Review	Q2
8	(from 2018) Follow Up Procurement - assess the status of recommendations from the review performed in 2017.	Finance	Follow Up	Q2
9	(from 2018) BMC Third Party Contract – monitor and assess third party contractual compliance by exercising the City’s right to examine records.	Recreation Services	Compliance	Q3



REPORT TO FINANCE AND CORPORATE SERVICES COMMITTEE

#	Project	Area	Audit Focus	Estimated Timing
10	Community and Service Partners – review of the processes and controls related to procurement, payroll and accounting for Community or Service Partners that utilize the City’s services.	Finance/ Human Resources/ Partners	Process Review	Q3
11	Follow Up Cash Handling – assess the status of recommendations from the review performed in 2017.	Legislative & Court Services	Follow Up	Q4
12	Follow Up Cash Handling – assess the status of recommendations from the review performed in 2017.	Creative Economy	Follow Up	Q4
13	Follow Up Stores – assess the status of recommendations from the review performed in 2017.	Water and Roads/Parks/Fleet	Follow Up	Q4
14	Follow Up Service Desk – assess the status of recommendations from the review performed in 2017.	Information Technology	Follow Up	Q4
15	Confidential investigations/ Fraud & Wrongdoing Program oversight	As needed	Consulting	As needed