



Office of the City Manager
Internal Audit Division

February 5, 2021

To: Audit Committee:
Paul Mochrie – Acting City Manager
Karen Levitt – Deputy City Manager
Patrice Impey – General Manager, Finance, Risk & Supply Chain Management
Francie Connell – Director, Legal Services and City Solicitor

CC: KPMG External Auditor

From: Tony Hui – Chief of Internal Audit
Carmen Fuellbrandt – Manager, Internal Audit

Subject: January 2021 6-Month Follow Up of Audit Recommendations

As part of the annual Internal Audit plan, a follow-up of open audit recommendations is conducted semi-annually for all audit reports issued. This report covers all recommendations that are due by January 2021. The objective is to determine the extent to which audit recommendations have been implemented and whether any significant internal control weaknesses remain outstanding.

We corresponded with key individuals responsible for implementing recommendations and reviewed supporting evidence of the items' completion. 92 recommendations were followed up on across the City, and 36 of them have been completed. As of February 5, 2021, there were 56 recommendations that remain open (Appendix A). A summary is outlined below:

Table with 2 columns: Description and Value. Rows include: Open recommendations at beginning of period (71), Add: Recommendations due (21), Total open recommendations followed up on (92), Less: Recommendations closed (36), Open recommendations at the end of review period (June 2020) (56).

Of the 56 recommendations that are open and due, none require the immediate attention of the Audit Committee as all are ranked low or medium risk. In general, the outstanding action items relate to developing or enhancing policies and procedures, establishing monitoring and oversight processes, and conducting strategic reviews or longer-term planning processes.

The longest-standing recommendations are nine items that were initially targeted for completion by 2016. Management has indicated that four of the nine recommendations will be addressed in 2021, with the remaining five expected to complete in 2022. The details of the five items are as follows:

- Non-Market Housing Audit: 1) REFM will formalize Operating-Level Agreements for key departments to standardize service delivery; and 2) Service levels will be regularly reviewed;
• PNE Internal Controls Audit: 3) A business continuity plan and 4) a risk management process will be established; 5) a procurement policy will also be developed.

Details of the open audit recommendations are listed in the table below. Please contact me if there are any questions.

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