



February 13, 2026

To: Audit Committee:  
Donny van Dyk – City Manager  
Karen Levitt – Deputy City Manager  
Colin Knight – General Manager, Finance and Supply Chain Management  
Francie Connell – Director, Legal Services and City Solicitor

CC: External Auditor  
Auditor General

From: Carmen Fuellbrandt – Chief of Internal Audit

Subject: **January 2026 Follow Up of Internal Audit Recommendations**

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As part of the annual Internal Audit plan, a follow-up of open audit recommendations is conducted semi-annually for all audit reports issued. The objective is to determine the extent to which audit recommendation action items have been implemented and whether any significant internal control weaknesses remain outstanding.

#### **A. Work Performed**

Status updates were requested for a total of 108 action items across the City, relating to open audit recommendations that were due on or before December 31, 2025.

For action items that were reported by management as having been completed, Internal Audit requested and reviewed supporting documentation to verify completeness and adequacy in addressing the initial issue or control gap identified.

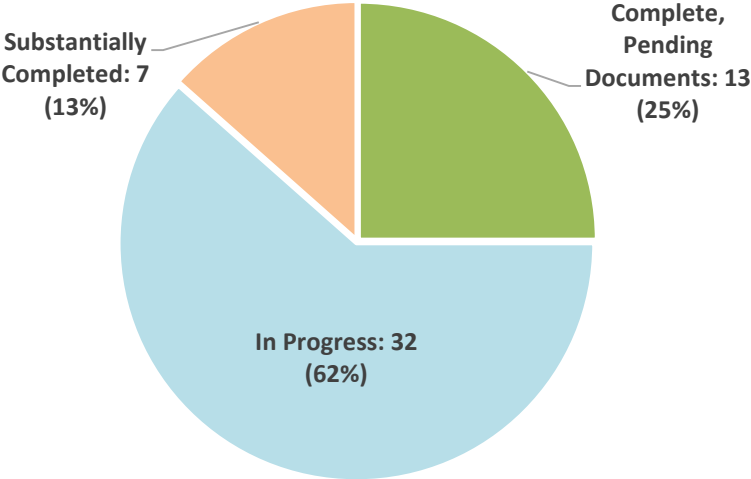
#### **B. Results**

Of the 108 open audit recommendations, 56 (52%) were closed with 54 verified as having been completed and two with alternate actions taken by management. Of the 52 items that remain open and due, none require the immediate attention of the Audit Committee as they are assessed at medium or low risk.

#### Audit recommendations – In progress

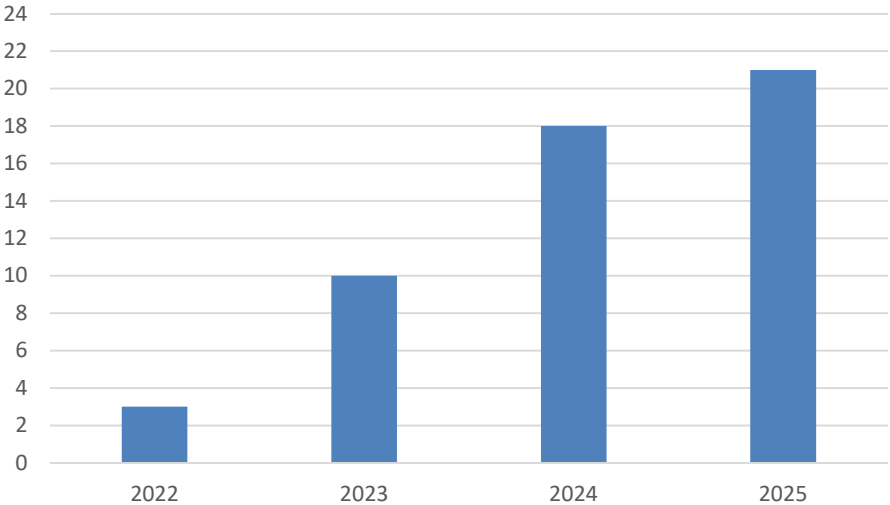
There are 52 outstanding recommendations that are in progress, substantially completed or completed but pending management's supporting documentation, as shown in Figure 1 below. Management indicated that a number of the delays in implementing the audit recommendations were attributable to reprioritization and staffing changes across the City.

Figure 1: Status of Outstanding Recommendations



Additionally, the majority of open items relate to recent audits issued in 2024 and 2025, with many of the long-standing open items now completed. Figure 2 provides a breakdown of items by their original due date.

Figure 2: Open Audit Recommendations by Due Date



Appendix A of this report details all open audit recommendations, including management’s comments regarding progress made to date.

Appendix B contains a summary of all audit recommendations that were closed.

Audit recommendations – Closed with alternate actions taken by management

There were two recommendations where management has addressed the original audit issue through alternate actions. Internal Audit has reviewed the explanations provided by management

and determined that the alternate actions are reasonable and have addressed the issues identified in the original audit report.

Audit Name	Original Audit Recommendation	Alternate Action Taken
Health and Safety Compliance Audit (2018)	Update the REFM's property/building list with the aim of determining the ownership and responsibility for their maintenance, capital replacement and safety requirements related to building systems.	Real Estate, Environment & Facilities Management (REFM) has established direct communication at the senior leadership level regarding ownership and responsibilities for maintenance of buildings.
Accounts Receivable Billings (2024)	Assess the feasibility of modifying the billing system to allow the user to have a controlled selection of rates.	Revenue Services has implemented a process to ensure that out-of-period adjustments are reviewed and approved by the supervisor.

Internal Audit's next scheduled follow-up on audit recommendations will be in July 2026.

Please feel free to contact me if there are any questions.

Sincerely,




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Carmen Fuellbrandt, CPA, CMA, CIA  
 Chief of Internal Audit