Winnipeg

Audit Department

Report to Audit Committee
Status of Audit Recommendations
Quarterly Report Card
September 2011

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Status of Audit Recommendations
Quarterly Report Card - September 2011

What is the Quarterly Report Card?

The Audit Department's work does not end when an audit report is presented to City Council. The most important component of an audit recommendation is its implementation. The Public Service provides a response to each audit recommendation in the Audit Report along with an action plan. The subsequent implementation of the audit recommendations in accordance with the action plans is the responsibility of the Public Service. The Audit Department has traditionally provided Audit Committee with an update on the status of the implementation of outstanding audit recommendations in its annual report. In 2006, the *Status of Audit Recommendations Quarterly Report Card* was introduced at the request of Audit Committee. The *Quarterly Report Card* is produced at the end of March, June, September and December and is presented at the next Audit Committee. The *Quarterly Report Card* presents management's representations as to the status of recommendations implemented, in progress or not to be implemented. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

How is the Quarterly Report Card produced?

The Audit Department provides a template of outstanding audit recommendations to the Department Director responsible for implementing the recommendation. The templates are forwarded to the Audit Department for review and compilation. The Audit Department summarizes the results and prepares a brief overview for Audit Committee. We do not audit the responses provided by the departments. The completed *Quarterly Report Card* is presented to Audit Committee by the City Auditor along with any observations he may have. The Department Directors attend the Audit Committee meeting to address concerns or questions regarding the responses raised by Audit Committee members.

Quarterly Report Cards are completed for five years following the issue date of an audit report. After five years, the Audit Department prepares a final report to Audit Committee that provides a summary of recommendations implemented, in progress and not to be implemented. Included is a complete history of status updates relating to those recommendations not implemented. After presentation of this final report, the status of audit recommendations will no longer be tracked by the Audit Department. If there are significant concerns that cannot be satisfactorily addressed by the Public Service, the Audit Committee may propose a new audit of the subject entity through the annual planning process.

Quarterly Report Card – September 2011
Status of Audit Recommendations

AUDIT REPORTS	RECOMMENDATIONS				TARGET DATE FOR COMPLETION		
	Total	Complete	Percent Complete	Not to be implemented	4th Quarter 2011	1st Quarter 2012	2nd Quarter 2012 or later
Public Works Asset Management Performance Audit - Part 1, 2005 (Roadway Construction & Maintenance)	35	32	91%	1			2
Reserves Administration Audit, 2007	9	8	89%				1
Ambulance Revenue Audit, 2007	20	19	95%		1		
Capital Asset Review , 2007	3	3	100%				
Capital Projects Management, 2009	6	2	33%	These four recommendations require EPC's approval.			
	23	11	43%				12
Winnipeg Fire Paramedic Service Overtime and Sick Leave Audit, 2009	10	7	70%		3		
Building Permits and Inspections Service Audit, 2009	6	2	33%			1	3
Winnipeg Fleet Management Performance Audit 2010	10	8	80%		2		
Business Resumption Planning Audit 2010	5	2	40%		3		
Local Improvements Audit, 2010	9	3	33%			1	5
TOTAL	136	97	71%	1	9	2	23

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3rd Quarter 2011 Commitments

AUDIT REPORTS	3rd Quarter Target for Implementation	Complete	NEW TARGET	
			Recommendation	Date
Public Works Asset Management Performance Audit - Part 1, 2005 (Roadway Construction & Maintenance)	3	1	17 25	4th Qtr 2012 4th Qtr 2012
Ambulance Revenue Audit, 2007	1 *	0	#18	3rd Qtr/2011
Capital Assets Review, 2007	1	1		
Capital Projects Management, 2009	1	1		
Building Permits and Inspections Service Audit, 2009	1	0	#1	2nd Qtr 2012
Winnipeg Fleet Management Performance Audit, 2010	3	3		
TOTAL	10	6	4	

* Monitored on a quarterly basis - Implementation date unknown

This table summarizes the status of the ten recommendations targeted for review in the 3rd quarter of 2011. Six recommendations were implemented. One recommendation was implemented from each of the following Audits: *Public Works Asset Management*, *Capital Assets Review,* and *Capital Projects Management*. Three recommendations were implemented from *Winnipeg Fleet Management Performance Audit*. The progress made on the one recommendation from the *Ambulance Revenue Audit* is monitored each quarter. It is not known when this issue will be resolved.

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Audit Observations

Eight recommendations have been implemented since the June 2011 Report Card. Currently, 97 of the 136 recommendations (71%) contained in this report card have been implemented and there are 38 recommendations in progress. This is the final report card for the *Capital Asset Review* as three recommendations have been implemented.

We are reporting on the status of Recommendation #18 from the *Ambulance Revenue Audit* each quarter. Recommendation #18 deals with First Nations accounts receivable. The Winnipeg Fire Paramedic Service is working with the Province on resolving the status of $3.4 million in FNIHB accounts for the period 2007-2010.

The three recommendations that missed the target date came from the *Public Works Asset Management Performance Audit* and the *Building Permits and Inspections Service Audit*:

- *Public Works Asset Management Performance Audit* Recommendation #17 - deals with the charging of degradation fees for cuts to roadways. The Department advises that as an alternative to degradation fees the Department has initiated pre-cut inspections for new and good streets. Engineering staff advise the cut permit applicant of the type and size of the repair required to ensure cut restorations are consistent with the road condition and life cycle costing of that pavement. Proposed Permits fee changes will be brought to Council in the 4th quarter of 2012.

- *Public Works Asset Management Performance Audit* Recommendation #25 – deals with increasing the warranty period for rehabilitation and reconstruction work. The Department is currently investigating the cause of premature surface distresses to see if the problem is workmanship, materials, or design. It is anticipated that a report outlining recommendations will be provided to Council in the 4th quarter of 2012.

- *Building Permits and Inspections Service Audit* Recommendation #1 – deals with adopting a risk-based plan examination and inspection methodology and clearing the backlog of open residential permits.

    - *Residential* - The Department continues to work on the development and implementation of an audit approach to both plan exam and inspections for new residential permit applications. The Planning, Property and Development Department (PP&D) plans to submit a report to Council in the first quarter of 2012 recommending the adoption of a broad 'policy' on an audit approach to review and inspection. The Division's Zoning and Permits Branch is in the process of hiring three (proposed) temporary Clerk B positions to assist in contacting all permit applications that have had no activity for four weeks or more (e.g. on hold). The prediction is that this will address permit applications that are between three and 12 months old and should result in closure of applications that are complete or no longer active. This work is expected to be undertaken in the first quarter of 2012.

- *Commercial* - With regard to an audit approach to commercial plan examination, PP&D is currently investigating a professional declaration option for commercial plan submission (internally referred to as the “New York Model” as it is based on an approach currently utilized by the City of New York). This professional declaration model would give professionals (Engineers and Architects) the option of including a signed declaration with a commercial permit submission and enable the City to issue permits without municipal plan review (on the basis of professional seals). Permits issued under this declaration stream are still subject to an audit and inspections. The Department has had initial meetings with professional organizations (e.g. APEGM; MAA) and IAG to present the concept. They may attempt to ‘test’ or pilot approach on select applications in the first quarter of 2012. For Commercial permits the Department is investigating a model which would require a declaration by a professional attesting to the compliance of an application for non-life safety elements of the building code. In these situations, the City position would be to NOT examine (or audit) these items. This practice may require additional by-law changes requiring on-going code compliance (to help ensure code compliance). This investigation requires further legal review and the department is undertaking same.

The Public Service has reported that eight of the 45 recommendations in progress should be implemented by December 31, 2011. We are continuing to monitor progress on the Ambulance accounts receivable on a quarterly basis. The status of these nine recommendations will be the focus of our next report card.