



City of Markham

Auditor General Update

November 30, 2020



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Agenda

1. Status Update
2. HRIS Implementation Follow Up
3. Development Charges Follow Up
4. New Audit Term & Audit Plan Update

Status Update

- Continuation of Auditor General Services during COVID-19 environment through virtual means
- Completion of the following audits:
 - ✓ Information Management
 - ✓ Cyber Security – Follow Up Audit
 - ✓ HRIS Implementation – Follow Up Audit
 - ✓ Development Charges – Follow Up Audit
- Excluding 2 additional follow up audits that are planned to be completed in 2021, the Auditor General's four-year audit plan has been completed

Status of Four-Year Audit Plan

- > The existing four year audit plan included completion of the following audits and corresponding follow up audits, as follows:

Audit Name	Completion Date	Follow Up Completed
Property Tax & Water Billing	Property Tax – October 2016 Water Billing – February 2017	Property Tax – October 2017 Water Billing – June 2018
Cash Handling	April 2017	November 2018
Vendor Management	October 2017	March 2019
Cyber Security	March 2018	November 2020
HRIS Implementation	June 2018	November 2020
Development Charges	September 2018	November 2020
Payroll	November 2018	N/A – no recommendations
Asset Management	October 2019	Planned for 2021
Information Management	November 2020	Planned for 2021

HRIS Implementation – Follow Up Audit

On June 18, 2018, the Human Resource Information System (“HRIS”) Implementation Audit Report was issued, evaluating the effectiveness of the City’s key change management controls and system implementation and data migration activities relating to the HRIS.

As reported, the City performed reasonable procedures to implement the new HRIS system (Workforce Now), including efficient and effective internal controls and project management activities.

The results of the audit identified two medium priority observations and one low priority observation with corresponding recommendations.

The follow-up audit was completed August 2020.

HRIS Implementation – Follow Up Audit

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1. Implementation of Complementary User Entity Controls ("CUEC")

✓ Remediation Status – Complete

MEDIUM

The one CUEC related to conducting periodic reviews of assigned City employee access to Workforce Now to validate access permissions, has been implemented by the City.

2. Role Based Access Controls ("RBAC")

✓ Remediation Status - Complete

MEDIUM

The City's Information Technology Services and Finance departments perform a review of roles and access rights to Workforce Now on a quarterly basis. In addition to the review, all Directors and Managers of the respective departments must approve of their subordinates' user access rights.

3. Review of ADP Service Organization Controls ("SOC 1") Report

✓ Remediation Status - Complete

LOW

The City's Information Technology Services and Finance departments perform a review and approve the annual ADP SOC 1 report shortly after receipt. The report is reviewed to ensure the adequacy and effectiveness of control activities. Any identified gaps or deficiencies are subject to rectification in a timely manner.

Development Charges – Follow Up Audit

On September 4, 2018 , the Development Charges Audit Report was issued, evaluating the City's development charges processes and controls.

As reported, the City had sufficient and effective processes and controls in place over the issuance, collection, and remittance of development charges.

The results of the audit identified one medium priority observation and one low priority observation with corresponding recommendations.

The follow-up audit was completed May 2020.

Development Charges – Follow Up Audit

1. Consistency in the Development Charge Reserve Borrowing Interest Rate

MEDIUM

✓ Remediation Status – Complete

In May 2019, the City's Development Charge Borrowing Policy and the Investment Interest Allocation Policy were updated to reflect the same guidance - that all internal lending to the Development Charges Reserve will be at the Prime Rate for borrowing deemed to be less than 5 years in duration, and at the York Region debenture rate when borrowing is deemed to be over five years in duration.

2. Presentation of Development Charge Borrowing Balance

✓ Remediation Status - Complete

LOW

While the City has not incurred internal borrowing with regards to development charges since August 1, 2018, Management is committed to itemizing each internal borrowing transaction separately on its reports to Council related to Development Charge Reserves when such occurrences do take place in the future.

New Audit Term and Audit Plan Update

- Auditor General term has been renewed for five years from 2020 to 2024
- Have been developing the new Five-Year Audit Plan, considering:
 - ✓ Existing, new and emerging trends
 - ✓ Value for money
 - ✓ Upcoming initiatives
 - ✓ Innovation and leading practices
- Audit Plan will be presented to Executive Leadership and General Committee at upcoming meetings

Recommendations

The Auditor General recommends that:

- The Auditor General Update Presentation be received.

Acknowledgement

MNP extends our appreciation to the staff and Commissioners of the City for their co-operation and assistance through our audits and thanks the General Committee of Council for their continued trust and support of the Auditor General role.

