

AUDITOR GENERAL

Halifax Regional Municipality



Follow-up Review – 2019 Audits

Payroll Management

Purchasing Card Program

Road and Sidewalk Asset Management

June 2021

June 8, 2021

This **Follow-up Review – 2019 Audits**, completed under section 50(2) of the Halifax Regional Municipality Charter, is hereby submitted to the Audit and Finance Standing Committee of Regional Council.

Respectfully,

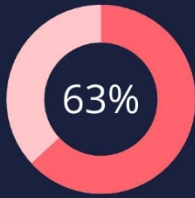
Original signed by

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Follow-up Review – 2019 Audits



Overall
Recommendations
Completed

- % complete is down overall
- Management told us Covid-19 created challenges in completing recommendations
- Will follow up outstanding recommendations in future
- Monitor to determine if this is a trend or isolated

PAYROLL MANAGEMENT

Improvements made

- Employee data change approvals
- Proper timesheet approvals
- Payroll staff not updating their own time records
- Documented process for annual salary increases

56%

5/9
Complete

Improvements needed

- Monitoring for unauthorized employee banking changes
- Management monitoring of changes to time records

PURCHASING CARD PROGRAM

Improvements made

- Monthly noncompliance reporting
- Action taken when Purchasing Card Policy not followed
- Updating Purchasing Card Policy and related procedures

100%

8/8
Complete

ROAD AND SIDEWALK ASSET MANAGEMENT

Improvements made

- Developed a five-year capital project list
- Monitoring of construction file completion
- Process for completing warranty inspections

40%

4/10
Complete

Improvements needed

- Establishing goals that support Regional Council priorities
- Developing long-term funding requirements for capital work
- Need to establish measurable performance targets
- Monitoring of subdivision files

Auditor General Halifax Regional Municipality

June 2021

Payroll Management Audit – May 2019

Implementation Status by Recommendation

| Recommendation | Business Unit | Status |
|--|--|--------|
| 1. Payroll management should develop and document quality assurance procedures to detect errors in payroll employee data changes. This should include providing guidance on higher-risk items that should be checked and how many items to check. These quality assurance checks should be completed regularly and documented. | Finance, Asset Management, and Information, Communication and Technology | ✗ |
| 2. Payroll management should establish and perform documented quality assurance checks to identify errors in salary changes. This should include documenting who is responsible to complete checks, and monitoring to ensure the quality assurance checks are done. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 3. Payroll should obtain approvals directly from appropriate business unit supervisors before entering timesheets in the payroll system. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 4. Payroll management should ensure time-entry monitoring activities are performed by staff members who do not have payroll system access to make changes to time records. Alternatively, if it is not practical to limit access, payroll management should monitor changes to time records to reduce this risk. | Finance, Asset Management, and Information, Communication and Technology | ✗ |
| 5. Payroll management should document the new quality assurance processes for timesheet entry, including a requirement to complete these checks before pay is deposited. | Finance, Asset Management, and Information, Communication and Technology | ✗ |
| 6. Payroll management should establish and document approvals required for all employee data changes and communicate these to Payroll staff. | Finance, Asset Management, and Information, Communication and Technology | ✓ |

| Recommendation | Business Unit | Status |
|---|--|--------|
| 7. Payroll management should establish a process to regularly monitor for unauthorized changes to vacation balances, salary amounts and hours worked. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 8. Payroll management should establish a process to regularly monitor for unauthorized changes to employee banking information. | Finance, Asset Management, and Information, Communication and Technology | ✗ |
| 9. Payroll management should limit access to pay period backup files to those who need it for their current job duties. | Finance, Asset Management, and Information, Communication and Technology | ✓ |

Purchasing Card Program Audit – May 2019

Implementation Status by Recommendation

| Recommendation | Business Unit | Status |
|--|--|--------|
| 1. Management in all business units should review and follow Purchasing Card Policy requirements for approval of monthly card statements. | Finance, Asset Management & Information, Communication and Technology | ✓ |
| 2. Procurement should update the <i>Purchasing Card Policy</i> if required and enforce the Policy. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 3. Procurement should update the supporting procedures for the <i>Purchasing Card Policy</i> , including checklists used by Procurement staff, to match Policy requirements. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 4. Procurement should improve its tracking and reporting on individual employee compliance with the <i>Purchasing Card Policy</i> over time to better identify cardholders who repeatedly have issues following the Policy. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 5. Procurement should take appropriate action when the <i>Purchasing Card Policy</i> is not followed, including notifying managers and business unit directors, and suspending or cancelling cards, depending on the severity of the incident. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 6. Business unit management should notify Procurement when employees leave HRM to limit procurement card access to current and active employees. | Finance, Asset Management, and Information, Communication and Technology | ✓ |
| 7. Procurement should prevent staff from performing their own compliance testing and from being able to change the limit on their own purchasing card. | Finance, Asset Management, and Information, Communication and Technology | ✓ |

| Recommendation | Business Unit | Status |
|---|--|---------------|
| 8. Procurement should implement quality control checks on its purchasing card compliance reporting. | Finance, Asset Management, and Information, Communication and Technology | ✓ |

Road and Sidewalk Asset Management Audit – June 2019

Implementation Status by Recommendation

| Recommendation | Business Unit | Status |
|--|-------------------------------|--------|
| 1. Transportation and Public Works should develop a long-term capital program. In doing so, the Business Unit should continue to work with relevant partners to maximize opportunities to work together on projects. | Transportation & Public Works | ✓ |
| 2. Transportation and Public Works should establish documented long-term and short-term goals for its Project Planning and Design division that support Regional Council’s priority of a well-maintained transportation system. | Transportation & Public Works | ✗ |
| 3. Transportation and Public Works should develop detailed plans, with deadlines, to implement the remaining accepted recommendations from its two consultant reports on paving program practices and surface condition. | Transportation & Public Works | ✗ |
| 4. Transportation and Public Works should develop long-term funding requirements for road and sidewalk capital work and sidewalk renewals to assist it in managing these capital assets. | Transportation & Public Works | ✗ |
| 5. Transportation and Public Works should update its documented annual capital planning processes to reflect current practices. | Transportation & Public Works | ✓ |
| 6. Transportation and Public Works should select and plan road and sidewalk capital projects to maximize value-for-money. This should include documented support for the funding option chosen to demonstrate effective use of taxpayer funds. | Transportation & Public Works | ✗ |
| 7. Transportation and Public Works should develop measurable performance targets and regularly report performance results. Targets should be detailed enough to provide good management information for program planning. | Transportation & Public Works | ✗ |

| Recommendation | Business Unit | Status |
|---|---|--------|
| 8. Transportation and Public Works management should monitor road and sidewalk capital projects to confirm pre-tender checklists and construction deficiency forms are completed, and deficiencies are followed up and addressed. | Transportation & Public Works | ✓ |
| 9. Planning and Development management should monitor construction and inspection of subdivisions to confirm required work has been completed. The Business Unit should also maintain adequate support for the construction and inspections processes in central files. | Planning & Development | ✗ |
| 10. Planning and Development, and Transportation and Public Works, should follow established processes for warranty inspections and document that these processes are adequately monitored prior to the warranty period expiring. | Planning & Development Transportation & Public Works | ✓ |

Background

The Office of the Auditor General, Halifax Regional Municipality, follows up audits previously reported by the office after 18 months. These follow-up reviews report the progress management had made implementing changes recommended by the Auditor General.

Objective and Scope

We completed a follow-up review of three reports released in 2019.

- Payroll Management
- Purchasing Card Program
- Road and Sidewalk Asset Management

Our objective was to provide review level, or limited assurance, on HRM management's implementation of recommendations from these reports. A limited assurance engagement provides a lower level of assurance than an audit. Conclusions are based on reasonability of what management tells us, and limited testing, rather than detailed testing, as would be found in an audit. This allows us to focus limited resources on new audits, while still providing assurance that management is addressing the issues we identified in past audits.

Our approach included discussing implementation with staff; reviewing policies, guidelines and processes; and other procedures we considered necessary.

This limited assurance engagement was conducted in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 Direct Engagements published by the Chartered Professional Accountants of Canada.

We apply CPA Canada's Canadian Standard on Quality Control 1. Our staff comply with the independence and ethical requirements of the Chartered Professional Accountants of Nova Scotia Code of Conduct.

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