

KPMG Audit Findings – Final Report

1.0 Governance (pages 11-20)

Recommendation	Current Status
<p>1.1 Set a clear and consistent “Tone from the Top”.</p> <p>1.2 Review the current structure of the relationships between Council and Administration.</p>	<p>In November 2017, Council will participate in governance training. This will facilitate setting the “Tone from the Top” established by Council which upholds honesty, integrity and ethics, and in turn will promote this behavior within the municipality.</p> <p>Setting the proper tone starts with Council and includes all levels of Administration. The relationship between Council and Administration includes clearly communicating through Council Reports, policies and procedures, or informally during day to day operations.</p>
<p>1.3 Develop consistent information to be provided by Administration to Council.</p>	<p>This has been addressed within Bylaw no. 17/021- Chief Administrative Officer Bylaw.</p>
<p>1.4 Council clearly define its expectations for the External Audit function.</p>	<p>COMPLETED</p> <p>Council had a session with the External Auditor at the Audit and Budget Committee on April 21, 2015.</p>
<p>1.5 Develop and document a process to support Administration’s annual representations with respect to internal controls.</p>	<p>COMPLETED</p> <p>This recommendation has been implemented as part of the sign-off on all year-end financial statements, which was implemented in 2015.</p>
<p>1.6 Council clearly define its expectations for the Municipal Auditor function.</p>	<p>COMPLETED</p> <p>The Terms of Reference for the Audit Committee were approved by Council at their April 26, 2016.</p>

2.0 Council Policies (pages 21-31)

Recommendation	Current Status
<p>2.1 Implement a whistleblower policy.</p>	<p>COMPLETED</p>

	The Whistleblower Policy was approved by Council at their October 6, 2015 meeting and implemented on January 1, 2016.
2.2 Review and update Delegation Order on a regular basis to ensure it remains current.	This has been addressed within Bylaw no. 17/021- Chief Administrative Officer Bylaw.
2.3 Review and update existing Code of Conduct Policy to reflect leading practices.	COMPLETED It was determined at the July 2, 2015 Agenda Review meeting that Administration should revise the existing Code of Conduct Procedure, as opposed to developing a Council Policy on Code of Conduct. This procedure has since been revised and is now in place.
2.4 Implement an employee performance management policy and procedure.	COMPLETED Council approved the Exempt Performance Management Policy HRM-550 at their May 26, 2015 meeting.
2.5 Implement a Severance Policy and Procedure.	COMPLETED Council approved the Exempt Severance Policy HRM-620 at their December 1, 2015 meeting.
2.6 Implement a "Learning For All" policy and procedure.	COMPLETED Council approved the Learning Development & Training Policy HRM-540 at their April 26, 2015 meeting.
2.7 Implement a policy covering attendance at political fundraisers for elected officials and employees and update the current procedures to include additional guidance.	COMPLETED Council approved the Attendance at Political Fundraising Events and Other Events – Elected Officials, Chief Administrative Officer and Executive Directors Policy -LEG-180 at their April 28, 2015 meeting.
2.8 Implement the Grant Procedure.	COMPLETED Council approved the Community Investment Program Policy FIN-220 at their June 24, 2014 meeting. The Internal Audit function reviews this program on an ongoing basis for compliance.
2.9 Review all policies and procedures for gaps noted in this report.	COMPLETED

	Policy development and review is part of ongoing business processes.
Additional Policies requested by the CAO: 1. Public Participation – Engagement	COMPLETED Council approved the Public Engagement Policy COM-130 at their October 18, 2016 meeting.
Additional Policies requested by the CAO: 2. Groundbreaking/Ribbon Cutting	COMPLETED Council approved the Municipal Sponsored Ground-Breaking and Ribbon-Cutting Ceremony Policy COM-120 at their April 26, 2016 meeting.

3.0 Organization Review – Communications and Public Affairs (pages 32-36)

Recommendations	Current Status
3.1 Develop and document a mandate for the Public Affairs Department.	COMPLETED Council was provided a copy of all departmental mandates on October 7, 2015 via e-mail. The Public Affairs function has since been realigned within the Communications and Stakeholder Relations Department.

4.0 Honorariums (pages 37-42)

Recommendations	Current Status
4.1 Develop and implement a formal honorarium policy and procedure.	COMPLETED Council approved the Gratuity Policy FIN-230 at their May 26, 2015 meeting.
4.2 Use a consistent form for approval of honorariums. 4.3 Develop and implement regular monitoring of honorariums.	COMPLETED A form and regular monitoring is part of the Gratuity Administrative Procedure FIN-240. COMPLETED This function is part of ongoing business processes.

5.0 Land Acquisitions and Expropriations (pages 43-49)

Recommendations	Current Status
<p>5.1 Municipality to document its policies and procedures for land acquisitions and expropriations.</p> <p>5.2 Retain all documentations in land acquisitions and expropriation files.</p> <p>5.3 Mandate the use of the “Land Administration Transaction Request” form.</p> <p>5.4 Include documentation of conflict of interest and related party checks in the land acquisition and expropriation files.</p>	<p>COMPLETED</p> <p>Council approved the Land Acquisition Policy ADM-250 at their July 7, 2015 meeting.</p>
<p>5.5 Consider implementing a data processing patch in SAP to track land acquisitions and expropriations.</p>	<p>COMPLETED</p> <p>This item is part of the SAP priority list for implementation.</p>

6.0 Travel and Living Expenses (pages 50-63)

Recommendations	Current Status
<p>6.1 Determine whether or not a Fly-In-Fly-Out policy is required and if so implement a policy and procedure.</p>	<p>COMPLETED</p> <p>Council approved the Municipally Funded Commuting Policy HRM-510 at their April 12, 2016 meeting.</p>
<p>6.2 Implement a policy and procedure for temporary housing.</p>	<p>COMPLETED</p> <p>Council approved the Transitional & Temporary Housing Policy HRM-570 at their Dec. 1, 2015 meeting.</p>
<p>6.3 Implement a policy and procedure for taxable benefits.</p>	<p>COMPLETED</p>

	Council approved the Taxable Benefits Policy FIN-250 at their March 10, 2015 meeting.
6.4 Review all taxable benefits related to fly-in-fly-out arrangements.	COMPLETED This function is part of ongoing business processes.
6.5 Update the Delegation Order and LEG-050 for the gaps noted in the report.	COMPLETED Council approved the Elected Officials Compensation, Travel and Expense Policy LEG-050 at their January 17, 2017 meeting.
6.6 Utilize the Municipal Auditor to perform sample testing over self-approval of expense reports.	COMPLETED This function is part of ongoing business processes and is conducted by the organization's Internal Audit Function.
6.7 Retain appropriate evidence of approval of expense reports.	COMPLETED This function is part of ongoing business processes.
6.8 Reinforce the requirements of the existing Expense Policy to all employees.	COMPLETED This function is part of ongoing business processes.
6.9 Reinforce the requirement to submit copies of receipts with expense reports.	COMPLETED This function is part of ongoing business processes.
6.10 Regularly monitor taxable benefits.	COMPLETED This function is part of ongoing business processes.
6.11 Consider implementing an automated approval workflow for expense reports.	COMPLETED This item is part of the SAP priority list for implementation.
6.12 Update the Delegation Order to require all expenses be approved by a more senior employee.	COMPLETED No update required. The existing Travel & Subsistence Administrative Procedure FIN-180

	stipulates that a more senior employee is to approve expenses. The CAO's expenses are approved by the Chair of the Audit Committee.
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7.0 Consultants and Contractors (pages 64-67)

Recommendations	Current Status
7.1 - 7.3 Reinforce requirements of the standard operating procedures and Delegation Order related to vendor performance, change orders and contract close out to all employees.	COMPLETED This function is part of ongoing business processes.
7.4 - 7.5 Reinforce the requirements for change orders, including evidence of approval, to all employees.	COMPLETED This function is part of ongoing business processes.

8.0 Tenders and Proposals (pages 68-73)

Recommendations	Current Status
8.1 Review PUR-100, Procurement Policy, in accordance with the mandatory review dates.	COMPLETED Council approved an amendment to Procurement Policy PUR-100 at their January 26, 2016 meeting.
8.2 Reinforce the requirement to complete a "Non-competitive Selection Business Case" to all employees.	COMPLETED This function is part of ongoing business processes.
8.3 Amend policy FIN 190 to include a minimum number of bids.	COMPLETED Administration has reviewed the matter with KPMG and they have concurred that there is no need to amend the Supply Chain Management Administrative Procedure FIN-190.

<p>8.4 Update FIN 190 to include a minimum categorical requirement for proposal submissions.</p>	<p>COMPLETED</p> <p>Administration has reviewed the matter with KPMG. A wording change was made in the procedure update that addresses the ability of the Municipality's Supply Chain Professionals to ensure that the procurement process is adaptable to the various procurement activities undertaken.</p>
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