Audit Committee Meeting
Agenda

Date: December 14, 2022
Time: 3:30 p.m.
Location: Hybrid meeting- virtual and Council Chambers, City Hall

Contact: Committee Clerk, Suzanne.Gillies@burlington.ca, 905-335-7777, x 7862

Pages

1.   **Declarations of Interest:**

2.   **Delegation(s):**

Standing committee and City Council meetings are held using a hybrid model, allowing members of Council, city staff and the public the option of participating remotely or in-person at city hall, 426 Brant St.

Requests to delegate to this hybrid meeting can be made by completing the online delegation registration form at www.burlington.ca/delegate, by submitting a written request by email to the Office of the City Clerk at clerks@burlington.ca or by phoning 905-335-7600, ext. 7481 by noon the business day before the meeting is to be held. It is recommended that virtual delegates include their intended remarks, which will be circulated to all members in advance, as a backup to any disruptions in technology issues that may occur.

If you do not wish to delegate, but would like to submit correspondence, please email your comments to clerks@burlington.ca. Any delegation notes and comments will be circulated to members in advance of the meeting and will be attached to the minutes, forming part of the public record.

3.   **Consent Items:**

Reports of a routine nature, which are not expected to require discussion and/or debate. Staff may not be in attendance to respond to queries on items contained in the Consent Agenda.

3.1   Financial highlights for the period ended September 30, 2022 (F-38-22)   1 - 8

Receive and file finance department report F-38-22 providing financial highlights as at September 30, 2022.

4.   Regular Items:

5.   Confidential Items:

Confidential reports may require a closed meeting in accordance with the
Municipal Act, 2001. Meeting attendees may be required to leave during the
discussion.

6.   Procedural Motions:

7.   Information Items:

8.   Staff Remarks:

9.   Committee Remarks:

10.   Adjournment:

CITY OF
Burlington

SUBJECT: Financial highlights for the period ended September 30, 2022

TO: **Audit Committee**

FROM: **Finance Department**

Report Number: F-38-22

Wards Affected: not applicable

File Numbers: 440-01

Date to Committee: December 14, 2022

Date to Council: January 24, 2023

Recommendation:

Receive and file finance department report F-38-22 providing financial highlights as at September 30, 2022.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The Audit Committee's terms of reference indicate that it will review and recommend for approval the annual audited consolidated financial statements of the City and will review quarterly financial performance throughout the year. To assist the Audit Committee with this responsibility report F-38-22 will present key financial highlights for the quarter ended September 30, 2022.

On an annual basis the Consolidated Financial Statements of the City of Burlington are presented to the Audit Committee for their recommendation to Council to approve. The City's financial statements are prepared in accordance with Canadian public sector accounting standards. These standards in some instances differ with the way the City reports on its daily operations which can make review of the financial statements

challenging. This report will present financial results from an operational perspective for the period ended September 30, 2022.

Statement of Financial Position

The statement of financial position is the City's balance sheet. It presents information on the assets, liabilities, and the accumulated surplus of the City.

Assets

Key assets for the City include cash and investments, accounts receivable and taxes receivable.

Cash and investment holdings reflect the City's cash flow position and investment strategy given current market conditions. Funds are allocated to maximize investment income, retain an appropriate level of liquidity, and respond to economic forces that influence the investment environment while maintaining a balanced portfolio in line with the City's investment policy. The following chart breaks down the balances of these categories as at December 31, 2021 (unconsolidated), September 30, 2021, and September 30, 2022:
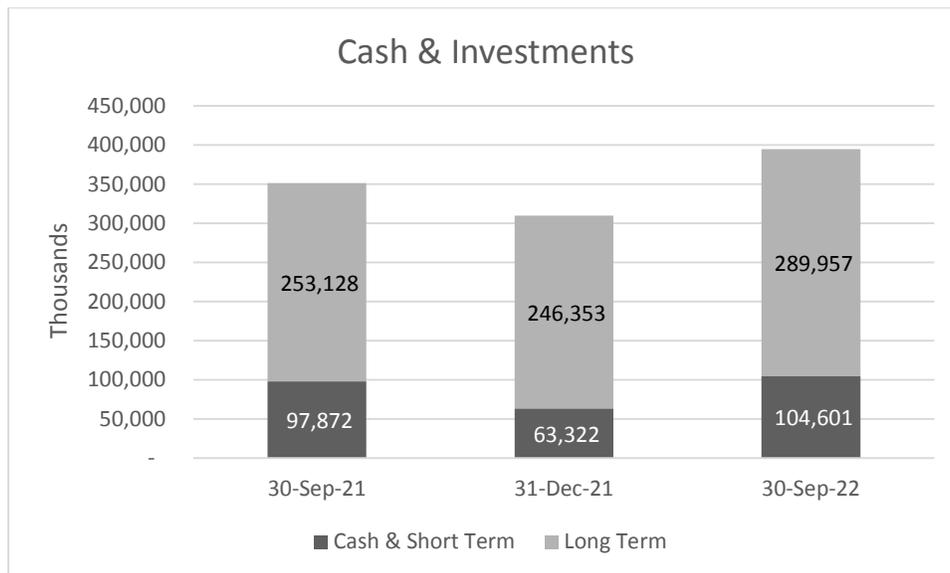
The overall cash & investment balance has increased from the previous year. This increase is primarily due to a timing difference related to the tax requisition payment to the Region which was made on October 3rd (prior year payment was made before the end of September).

Accounts receivable as at September 30, 2022, was approximately $14.4 million. The equivalent accounts receivable balance as at September 30, 2021, was approximately $12.9 million.

Taxes represent the key revenue source the City uses to fund its service delivery. Taxes receivable are recorded when billed. The City issues bills twice a year, in January and May. These bills represent four installments which are due in February, April, June, and September. Taxes receivable balance at September 30, 2022, was approximately $35.0 million as compared to $32.9 million reported at September 30, 2021.

Liabilities

The balance of accounts payable and accrued liabilities at September 30, 2022, is approximately $12.0 million compared to the balance at September 30, 2021, of $10.1 million. The consolidated balance at December 31, 2021, of $32.2 million reflects accruals including certain payroll accruals only recorded at year end.

One of the City's largest liabilities is derived from the issuance of long-term debt. The balance as at December 31, 2021, was $74.8 million. Debt is used to fund capital expenditures. New debt issued in 2022 totaled $13.1 million. This debt will be utilized for capital projects associated with roads, recreational facilities and to support a land purchase.

Statement of Operations

Revenues

The Statement of Operations provides information on the City's revenues and expenses combining the information from both the operating and capital perspectives. Although taxation revenue is the largest component of the City's revenues, user fees and charges, investment income and funds from senior levels of government all contribute to enabling the City to deliver services to the community. The following chart is provided as a reference point and provides information of the various components of the City's revenues based on revenues reported in the consolidated financial statements as at December 31, 2021:

Revenue by %

Licenses and permits, 3%
Other, 10%
Fines and penalties, 4%
Investment Income, 3%
Grants, 4%
User Fees, 9%
Taxation, 67%
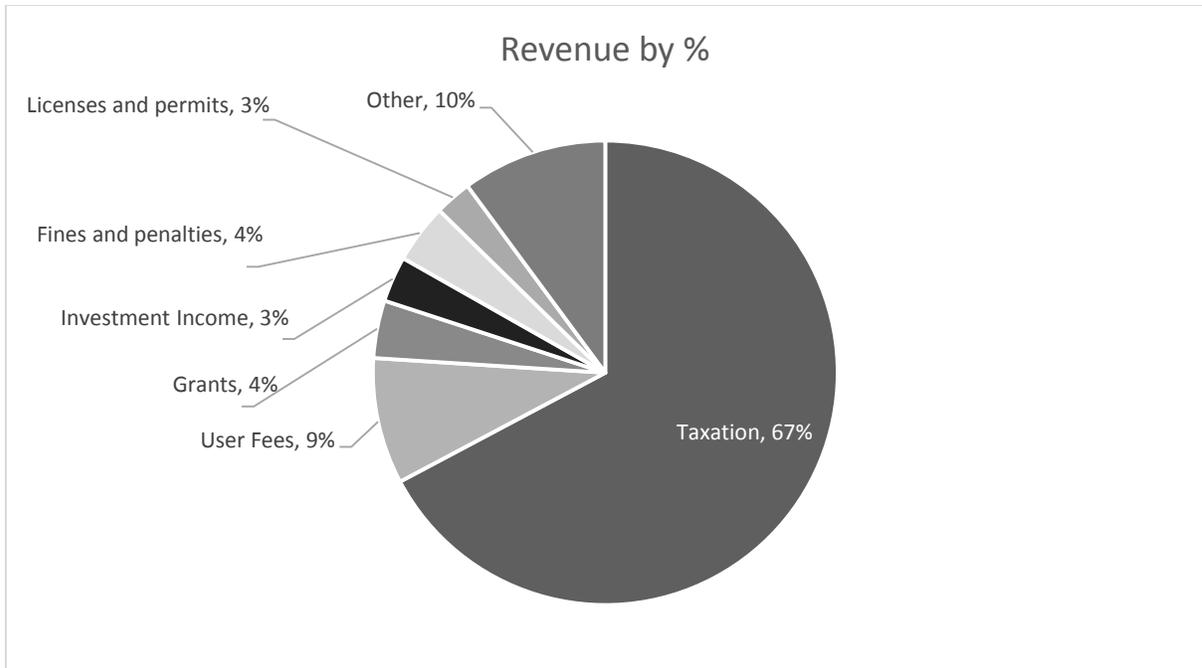
Although a meaningful comparison cannot be made between current operations and the financial statements due to the adjustments that are made for financial statement purposes, some revenue items as of September 30th compared between current year and prior year are presented for information:

	2022	2021
General Tax Levy	$218,746	$211,933
User fees and charges	15,760	13,029
Grants	5,945	11,781
Investment income	4,112	4,820
Penalties and interest on taxes	1,855	1,972
Hydro dividends and interest	1,621	1,496

It should be noted that tax revenue includes taxes billed but not yet due. Additionally, the decrease in Grant revenue from September 2021 to September 2022 is a result of a timing difference in the receipt of Gas Tax Funding as well as additional Safe Restart Funding that was received in 2021.

Expenses

The City's expenses are reported during the year on a cash basis categorized by service while the financial statements report expenses on an accrual basis by category. Certain components that are not part of operational reporting such as post-employment benefits and amortization are added to the expenses reported in the financial statements. The following chart shows the breakdown of expense attributed to the categories as reported in the 2021 financial statements:

Expenses by %

- Planning & Development 3%
- General Gov't 18%
- Recreation & Culture 24%
- Protection 20%
- Environmental 2%
- Transportation 33%
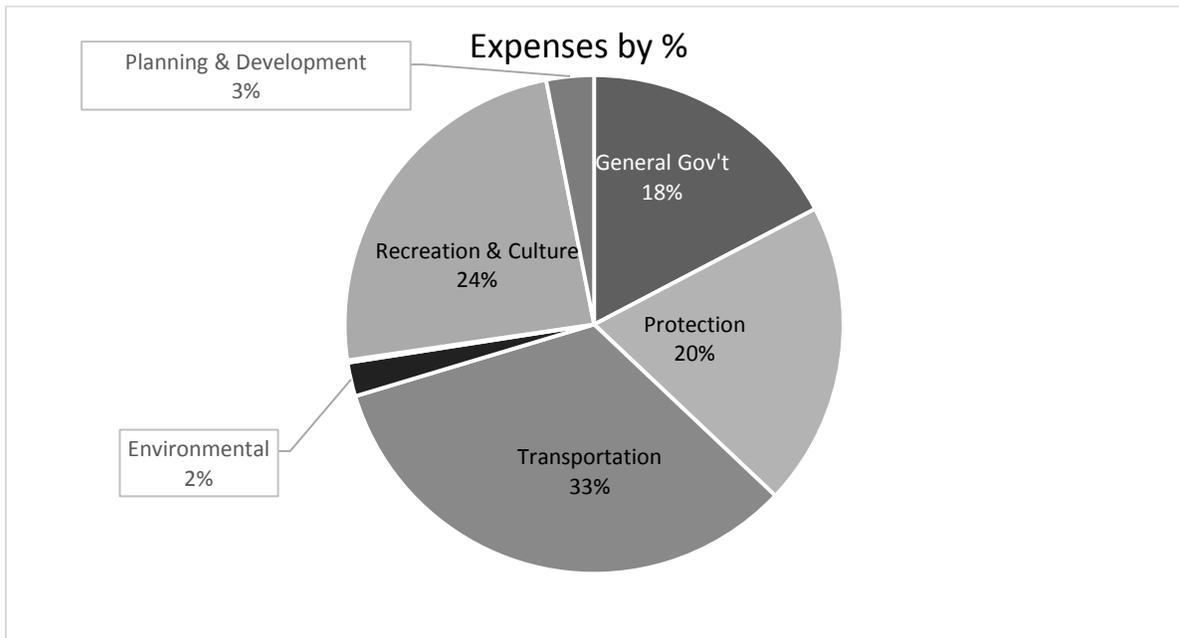
The adjustments needed to report expenses in the financial statements are extensive including allocating post-employment benefit expense, interest expense on debt, depreciation expense and non-capital information captured in capital projects. Information extracted from the City's financial system as of September 30th provides a comparison between 2022 and 2021 with the noted adjustments excluded:

	2022	2021
General government	$ 33,841	$ 31,532
Protection to persons and property	34,746	31,915
Transportation services	38,626	35,741
Environmental services	425	504
Health services	301	270
Recreation and cultural services	39,880	34,427
Planning and development	5,143	4,524
Total Expenses	**$152,962**	**$138,913**

Other Financial Information

Reserve Funds

Reserve funds are a critical component of a municipality's long-term financing plan. They provide:

- stability to the tax rate in the face of variable circumstances,
- funding for one-time expenditures,
- the ability to make provisions for the replacement and/or acquisition of infrastructure, and
- flexibility to manage debt levels to protect the municipality's financial position.

The uncommitted balance of the City's reserve and reserve funds as at September 30th are presented for the last five years:

Uncommitted Reserve and Reserve Fund Balances as at September 30
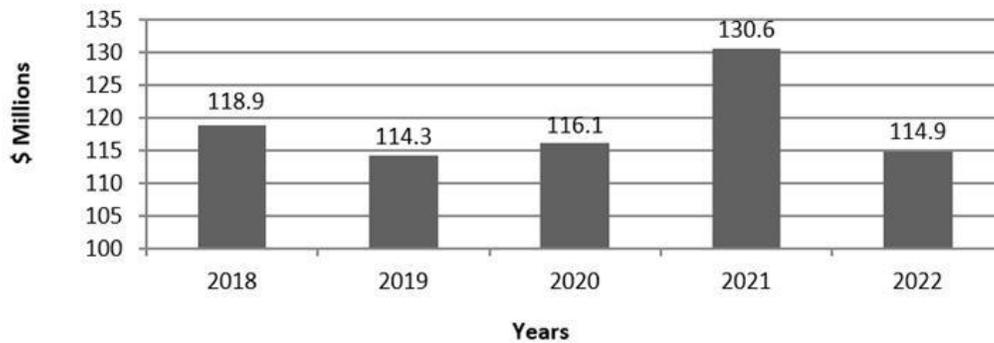
Financial Matters:

Not applicable.

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Conclusion:

A report of the quarterly financial highlights is presented for Audit Committee's information.

Respectfully submitted,

Michelle Moore

Controller and Manager of Financial Services

(905) 335-7600 ext. 7535

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

CITY OF
Burlington

SUBJECT: Summary of In-Progress Management Action Plans

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-11-22

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: December 14, 2022

Date to Council: January 24, 2023

Recommendation:

Receive and file city auditor's office report CA-11-22 providing a summary of the Management Action Plans in progress as identified in Appendix A.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

At the conclusion of most audit projects, the City Auditor provides an audit report to Management which typically identifies one or more recommendations for Management to address. Management's response to these recommendations are called 'Management Action Plans' (MAPS).

Standard 2500 of the Institute of Internal Auditors' Professional Standards sets out requirements of internal auditors to ensure that Management Action Plans have been effectively implemented. This applies in all cases except where "*senior management has accepted the risk of not taking action*". The City Auditor follows-up regularly with Management in service areas that previously received audit projects to ensure that

there is progress against their respective MAPS. The following report to Audit Committee (submitted quarterly) is a summary of that progress.

Strategy/process

Below is a summary of the In-Progress Management Action Plans (MAPS) from the most recent report to Audit Committee on September 12, 2022 (Report CA-07-22):

Audit Project Name:	High	Medium	Low	
Corporate Cloud Computing Management	0	1	0	
	0	1	0	Total In-Progress

Note: There have been no new MAPS added since the last meeting of Audit Committee.

The City Auditor followed-up with the Management and their respective staff in the service areas where audit projects had previously been completed and where MAPS were outstanding. Below is a summary of the in-progress MAPS from all previous audit projects as of December 14, 2022:

Audit Project Name:	High	Medium	Low	
Corporate Cloud Computing Management	0	1	0	
	0	1	0	Total In-Progress

The City Auditor reviewed the detailed progress updates to determine whether the MAPS were complete as per the original Management Action Plan in the respective audit report (see Appendix-A). The table above indicates the remaining (incomplete) MAPS. The City Auditor will continue to follow-up with the accountable Management until all MAPS are complete.

Options Considered

Following up on in-progress Management Action Plans is a professional obligation for Internal Auditors under the Institute of Internal Auditors' Professional Standards. There were no alternatives considered when drafting this report.

Financial Matters:

Not applicable.

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

Staff accountable for Management Action Plans (MAPS) from past audits have made progress since last reported to Audit Committee. The City Auditor will continue to follow-up regularly until all have been deemed to be 'Complete'.

Respectfully submitted,

Maciej Jurczyk, CPA, CIA, CRMA, LSSGB, CFE

City Auditor

maciej.jurczyk@burlington.ca

Appendices:

A. CA-11-22 Appendix A: Detailed summary of Management Action Plans

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

CA-11-22 - Appendix-A: Outstanding Management Action Plans as of Dec 14, 2022

Department	Function	Audit Report	Audit Report Date	Audit Finding Number	Risk Rating	Details of Audit Issue		Expected Resolution Date	Revised Resolution Date	Status	Number		Owner
						Summary	Summary of Management Response				Days Past Due	Times End Date Revised	
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	1	Medium	**Recommendations:** Communication strategy should be developed and implemented that will serve to improve initial awareness and that will reinforce simple and clear requirements supported with the purpose they serve.	Comments: Agree **Action Plan:** The existing cloud policy and framework will be updated and will be followed by the development of a communication strategy with the goal of informing and educating on the cloud policy and framework including details on: • Purpose of the policy and framework • Roles and responsibility • How it will be monitored, managed, and enforced	Q1 2021	Q3 2022	**Sept 12, 2022: COMPLETE** • Updates to the Cloud policy, Cloud Framework, and web pages are complete. Cloud Policy has been approved and communication is complete. June 8, 2022: IN PROGRESS • Cloud policy updates are complete. Internal web pages have been updated and the cloud framework is in review. Communication to the organization is in planning stage Feb 9, 2022: IN PROGRESS • Cloud policy updates are almost complete with internal reviews to be scheduled. Internal web pages have been updated. Once cloud policy is finalized, communication strategy will be rolled out to the organization. Dec 8, 2021: IN PROGRESS • Cloud policy updates are underway with internal reviews to be scheduled. Once cloud policy is finalized, communication strategy will be rolled out to the organization.	-	1	Manager, IT Strategic Service Delivery
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	2	Medium	**Recommendations:** - Enforce the requirement to have cloud services registered with ITS. - Based on registered services, maintain an inventory of cloud services used. At a minimum the inventory of registered services should indicate its use, the type of data stored and the business owner. - Review the cloud services offered periodically to identify opportunities to consolidate services, identify where services provided internally do not meet users' needs or where training in existing services are required.	Comments: Agree **Action Plan:** The following actions will be taken in response to the recommendation: • A process for registering cloud applications will be implemented and will form the basis for updating the existing application inventory. • The application inventory will include but not be limited to a description of the system, any confidential/private data stored, security assessments or PIA's performed, key contacts in IT Services and the business. • The inventory will be shared with the business on an annual basis to confirm the solution is still in use and the information on file is accurate • Opportunities to consolidate cloud services may be considered within the scope of larger software implementations and/or within regular planning discussions between ITS and the business • The inventory will form the basis for defining acceptable cloud applications and will be published as such	Q1 2021	Q1 2022	**June 8, 2022: COMPLETED** Process to register cloud applications completed. Feb 9, 2022: IN PROGRESS • Process for registering cloud applications is documented. Inventory has been captured. Planning is complete to share inventory of pre-approved applications with the business. Design for the BI dashboard has been provided to the development team. Dec 8, 2021: IN PROGRESS • Process for registering cloud applications is documented. Inventory has been captured. Planning is underway to share inventory of pre-approved applications with the business.	-	1	Manager, Business Applications; Manager, IT Strategic Service Delivery
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	3	Medium	**Recommendations:** - A standardized risk assessment methodology should be created that includes a list of typical risk factors and used to help identify the level of risk that needs to be managed and help classify cloud services accordingly. Risk factors could be based on factors such as: the level of dependence on the services for business critical processes, whether the service will be customer facing, the number of users using the service, data classification or level of reliance on the data. - As part of the defined risk methodology, prescribed minimum controls and standards should be linked to risks. For example, if personally identifiable data is present, a Privacy Impact Assessment must be conducted.	Comments: Agree **Action Plan:** A risk assessment methodology will be developed and will be used to classify cloud services. It will include relevant risk factors and will prescribe new controls to mitigate the risks. Additional follow-up work including conducting Security and Privacy Impact Assessments will require additional time and resources from IT Services and the City Clerks Office.	Q2 2021	Q2 2022	**September 12, 2022: COMPLETE** June 8, 2022: IN PROGRESS Risk identification of applications has been incorporated into the technology onboarding processes. Key factors that quantify risk have been identified and those factors are assessed and inventoried during the onboarding process. Risk management efforts that result in residual risk is captured and shared with business owners or managed by IT through the IT risk register. Feb 9, 2022: IN PROGRESS Management provided an update consistent with the progress update below. Dec 8, 2021: IN PROGRESS • Creation of a system to enhance and centrally manage current risk analysis practices is underway resulting in an automated decision process based on information security and business risk. • Cloud services will be classified based on the risk analysis practices resulting in an inventory that documents risk decisions as well as implemented mitigation techniques.	-	1	Manager, Information Security

Department	Function	Audit Report	Audit Report Date	Audit Finding Number	Risk Rating	Details of Audit Issue			Expected Resolution Date	Revised Resolution Date	Status	Number		Owner
						Summary	Summary of Management Response					Days Past Due	Times End Date Revised	
ITS	Information Technology Services	Corporate Cloud Computing Management	7-Feb-20	4	Medium	**Recommendations**: - Define prescribed cloud control activities and who needs to perform them for each cloud service. Develop an application support model that includes specific process areas such as user access management, vendor management, terms and conditions, requests and incidents handling, and who is responsible for controls review over the duration. The level of detail can be determined using the classification system above, e.g. predefined activities. - Monitoring controls are needed to determine whether the processes that are in place are working and are effective. - Enforcement of policies and procedures, mechanisms to follow-up and enforce. Requirements should be clear, and it should also be clear that compliance is enforced. - Monitor and review existing applications that may evolve over time (e.g. where the uses of the app are expanded, or where new information/data is introduced or linked within the app) as changes may necessitate introduction of new or modification of existing controls/practices.	Comments: Agree **Action Plan**: IT Services will develop and update existing application support models identifying cloud control activities that need to be performed. The support models will initially focus on cloud services that are classified as high risk followed by medium risk services. The application support model will identify the specific responsibilities that reside within the business and those that reside within IT Services for cloud control activities that need to be performed. Given the number of cloud services in place and the current operational workload in IT Services this work will take several months and may require additional staff resources to maintain and enforce the operating model and/or require assistance from 3rd party resources. Addressing the recommendations in this finding will require new or updated operational processes that will impact the responsibilities of both IT Services and business staff.		Q4 2021	Q1 2023 ~~Q4 2022~~	**December 14, 2022: IN PROGRESS** Research completed and draft application support model being developed. September 12, 2022: IN PROGRESS Continuing work on the application support models. June 8, 2022: IN PROGRESS Continuing work on the application support models. Feb 9, 2022: IN PROGRESS Management provided an update consistent with the progress update below. Dec 8, 2021: IN PROGRESS • Work is underway on formalizing an application support model. • Yearly review of existing cloud apps based on classification of cloud services (based on high risk/low risk)	348	2	Manager, Business Applications; Manager, Information Security

City of Burlington

SUBJECT: Quarterly dashboard for office of the city auditor

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-12-22

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: December 14, 2022

Date to Council: January 24, 2023

Recommendation:

Receive and file office of the city auditor's report CA-12-22 providing a quarterly dashboard of City Auditor Key Performance Indicators (KPI's) as identified in Appendix A.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

Through report CA-05-22, the City Auditor committed to providing a quarterly dashboard of key performance indicators (KPI's) to Audit Committee. These KPI's were developed from an analysis of literature published by the Institute of Internal Auditors and is considered a leading practice amongst Directors of Internal Audit at other organizations.

Strategy/process

The objective of the City Auditor's quarterly dashboard is to provide Audit Committee with a one-page summary of the key performance indicators for the Office of the City Auditor and demonstrate progress against the 2022 Annual Audit Plan. This report is for informational purposes only.

Options Considered

The City Auditor committed to providing Audit Committee with a quarterly dashboard for informational purposes. No other options were considered.

Financial Matters:

Total Financial Impact

Not applicable.

Source of Funding

Not applicable.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

The Office of the City Auditor's Quarterly Dashboard is an accountability and transparency mechanism intended to demonstrate the quarterly progress of audit work by the City Auditor to Audit Committee.

Respectfully submitted,

Maciej Jurczyk, CPA, CIA, CRMA, LSSGB, CFE

City Auditor

maciej.jurczyk@burlington.ca

Appendices:

A. CA-12-22 Appendix A: Q4 2022 Quarterly Dashboard for Office of the City Auditor

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

City of Burlington
Office of the City Auditor
DASHBOARD

Approved Projects

2022 Audit Plan	Percentage Complete		Audit Phase	Project Status	Due Date
ERP Project Audit - Phase 1		100%	-	Complete	14-Dec-22
Health & Safety (pandemic controls)		100%	-	Complete	14-Dec-22
IT Cyber-security		35%	Planning	In Progress	8-Feb-23
Procurement Audit (< $50,000)		10%	Planning	In Progress	8-Feb-23
Environmental Strategies Review		5%	Research	In Progress	8-Feb-23
ADD: Aldershot BIA Financial Policy Review		100%	-	Complete	12-Sep-22

Annual Audit Plan Status

Commentary/Analysis:
 - The 2022 Audit Plan (see report **CA-03-22;** approved by Audit Committee on Feb 9, 2022) is slightly behind schedule. Audit fieldwork for the H&S and ERP Project Audits took longer than expected. The Cyber-Security Audit originally scheduled to be reported to Audit Committee on December 14, 2022 will be pushed to the following meeting.
 - On May 11, 2022 Audit Committee approved a new engagement to provide advisory services to the Aldershot Village BIA; this work is completed. See report F-32-22.

Changes to Annual Audit Plan

ADD: Aldershot Village BIA - review of policies & procedures re: financial management (report CM-16-22 on May 11, 2022).

Other Projects

Project Name	Status
Advisory - HR Email Privacy Controls	Complete
Advisory - Vision 2040 Strategy to Risk Program	Complete
Advisory - Aldershot Village BIA Review	Complete
Advisory - Finance/Analytics Software Implementatio	Complete

2022 Audit Plan Status

In Progress 50%
Complete 50%
Not Started 0%
Cancelled/ Deferred 0%

- Complete
- In Progress
- Not Started
- Cancelled/ Deferred
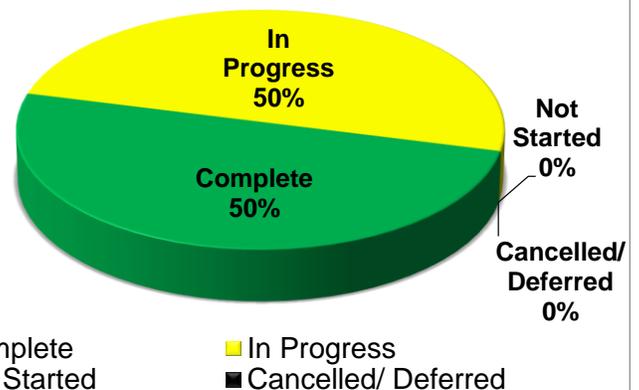
Key Performance Indicators (KPI's)

	Actual to Date	Annual Target	Comments
Output			
Completion of Audit Plan	50%	100%	
Percentage of recommendations accepted by Management	100%	100%	
Percentage of recommendations closed	0%	100%	All recommendations are still in progress
Percentage of recommendations implemented by the original agreed date	0%	85%	No recommendations completed yet
Quality			
Post Audit Survey	N/A	85%	No surveys received yet
Quality Assurance Review	N/A	100%	Q/A work not yet performed
Continued Professional Education			
Chartered Professional Accountant (CPA)	82.95	40	Various courses/events completed
CIA/CRMA Accreditations	82.95	40	Various events including CFE certification

Budget

	BUDGET	ACTUALS	Variance ($)
Professional Development (i.e. Training, Prof. Memberships)	$4,500	$2,271	$2,229
Operating / Minor Equip. (i.e. Meeting, Office expenses)	$100	$0	$100
Purchased Services (i.e. External Consulting, Telephone)	$39,320	$315	$39,005

CITY OF Burlington

SUBJECT: External audit plan for the fiscal year ended December 31, 2022

TO: **Audit Committee**

FROM: **Finance Department**

Report Number: F-37-22

Wards Affected: not applicable

File Numbers: 430-04

Date to Committee: December 14, 2022

Date to Council: January 24, 2023

Recommendation:

Approve the external audit plan for the fiscal year ended December 31, 2022 as presented by Deloitte LLP at the Audit Committee meeting of December 14, 2022.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

Each year an external audit is conducted by the City's external audit firm. As the Audit committee has oversight responsibility for all external audit matters, the external audit plan is presented to committee for approval prior to the audit.

Areas of audit risk that have been identified by the external auditors include:

- Revenue and deferred revenue amounts
- Accounting and disclosure of tangible capital assets
- Year-end accruals and other estimates (including salaries, employee future benefits and liability for contaminated sites and allowance for doubtful accounts)
- Management override of controls

These identified areas of risk will be a focus of the external audit. The external audit will be managed by the Heather LaPlante who was previously the senior on the audit. Trevor Ferguson continues to be the Partner on the engagement.

Strategy/process

Some of the key elements of the audit service plan are as follows:

- Audit Scope – designed to search for potential misstatements that, individually or collectively, are material.

- Materiality – any uncorrected misstatements that are greater than the auditors clearly trivial amount (5% of materiality) will be reported to the audit committee. The auditors will request that misstatements be corrected. Materiality levels have been preliminary set at $7.4 million (2021 $7.4 million). Uncorrected misstatements greater than $370K will be reported to audit committee.

- Audit risks – the audit scope will reflect the significant risks as identified previously in this report.

- Fraud Risk – the audit strategy includes incorporating an element of unpredictability in the selection of the nature, timing and extent of the audit procedures. Any suspicions of fraud will be communicated to the Audit Committee. The Committee will also be asked for their views about the risk of fraud and whether they have knowledge of actual or suspected fraud.

- Engagement reporting – upon satisfactory completion of the audit, an audit report on the financial statements of the city will be presented to the Audit Committee. Reports to the Audit Committee assist the committee to fulfill its responsibilities as required by applicable auditing standards.

The external audit also involves gaining an understanding of:
- The importance of the computer environment relative to the risks to financial reporting.
- The way in which that environment supports the control procedures relied on when conducting the audits.
- The computer-based information that supports substantive procedures.

Innovative auditing technology

As with previous audits, staff and the external auditors will be utilizing Deloitte's application-based audit technology (Deloitte Connect) to ensure the audit can be managed effectively. Deloitte Connect is a secure, online collaboration site to effectively manage engagement coordination.

Financial Matters:

Audit fees will be based on the scope of service. The terms and conditions of the engagement are described in the Master Services Agreement for Professional Services dated November 7, 2016 and Confirmation of Changes letters dated October 9, 2018, December 2, 2020 and November 2, 2022.

Total Financial Impact

Audit fees for the City's 2022 financial statements are estimated at $63,000.

Source of Funding

Audit fees are funded annually as part of the City's operating budget.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Conclusion:

As the Audit Committee responsibilities include oversight of the external audit function, the external audit plan is presented for approval.

Respectfully submitted,

Michelle Moore

Controller and Manager of Financial Services

(905) 335-7600 ext. 7535

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

SUBJECT: Enterprise Resource Planning (ERP) project audit - phase 1 report

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-09-22

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: December 14, 2022

Date to Council: January 24, 2023

Recommendation:

Receive and file city auditor's office report CA-09-22 regarding the Enterprise Resource Planning (ERP) project audit – phase 1 report attached as Appendix A.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The City of Burlington's Audit Committee approved an internal audit to be performed to ensure that the ERP project framework is aligned with project management best practices and ultimately to ensure that the ERP project is set up for success. The following areas were included in the scope of this audit: reviewing and assessing core project documentation for alignment with project management best practices, reviewing governance and decision-making frameworks, reviewing financial and staff/vendor resources dedicated to the project and change management and risk management strategies.

An Enterprise Resource Planning software (ERP) is an integrated suite of business applications. In the future state, the City of Burlington's software applications will share a common process and data model allowing for the efficient collection, storage and retrieval of operational, financial and HR data to support multiple business functions and processes. In spring 2022, the City embarked on a major transformational project to replace multiple existing software applications with Workday's Human Capital Management (HCM), Financial Management and Adaptive Planning tools within an integrated Workday environment. This capital project (#CA0072) was approved by Council in the 2019 capital budget

Strategy/process

Overall, the City has a highly effective project management framework for the ERP Project. No high-risk issues were identified during the audit. The following areas were operating effectively during the audit:

- Key project documents exist, are comprehensive and are aligned with project management leading practices
- Project is adequately resourced with dedicated budget and staffing
- Communications and reporting
- Staff demonstrate a strong working culture and motivation to succeed
- Management oversight

The following are issues that were identified and previously communicated to Management through the audit fieldwork. These issues were known to ERP Project leadership and have been already addressed:

- The decision to procure the ERP software and services of the Implementation Partner separately led to a timing difference between the effective dates of the Workday and Kainos contracts, respectively.
- The vacancy in the key role of Change Management Lead during the early phases of the project was a concern for the creation and execution of the long-term change management strategy.

A detailed analysis of the effective layers of control within the ERP Project Framework is found in the full audit report: see Appendix A.

Options Considered

No alternative options were considered as this audit was approved by the Audit Committee in February 2022.

Financial Matters:

Total Financial Impact

There was no cost to perform this audit with the exception of the City Auditor's time. A total of 274 hours were incurred to perform this audit.

Source of Funding

Not applicable.

Other Resource Impacts

A number of City staff from the ERP Project were involved in this internal audit. Management and staff's efforts included meetings, interviews, preparing/sharing documentation, and reviewing the draft audit report. This amount of time was not tracked by the City Auditor.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

Overall, the City has a highly effective project management framework for the ERP Project.

Respectfully submitted,

Maciej Jurczyk, CPA, CIA, CRMA, LSSGB, CFE

City Auditor

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Appendices:

A. CA-09-22 Appendix A: ERP Project Audit – Phase 1 Report

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Office of the City Auditor

ERP Project Audit: Phase 1

Audit Unit: Information Technology Services (ITS)

Date of Audit: June – October 2022

Auditor: Maciej Jurczyk, City Auditor

Distributed To: City of Burlington Audit Committee

                    Chad MacDonald, Chief Information Officer
                    Laura Boyd, Executive Director of Human Resources
                    Joan Ford, Chief Financial Officer
                    Robert Delorme, ERP & EAMS Program Manager

                    cc: Tim Commisso, City Manager
                              Nancy Shea-Nicol, Executive Director of Legal Services &
                              Corporation Counsel

Date Issued: November 29, 2022

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the 2022 Audit Plan, the City Auditor performed a review of the Enterprise Resource Planning (ERP) project framework. The ERP Project is a transformational business project involving Human Resources, Finance and Information Technology Services (ITS) to replace multiple legacy software systems including SAP to a cloud-based platform called Workday.

The principal objective of this audit was to ensure that the ERP Project is aligned with project management best practices and ultimately to ensure that the ERP project is set up for success. Other objectives included:
- Project risks are identified, analyzed and managed on a timely basis
- Change management plans exist and are robust to prepare staff for implementation
- Project scope and objectives are consistent with the ERP project business case, ITS strategy/roadmap and budget submission approved by Council
- Decision-making roles and responsibilities are clearly articulated
- Project reporting to Sponsors, Steering Committee, users/client depts and other key stakeholders (i.e. Council) is clear, frequent, and appropriate.

SCOPE

A risk-based auditing approach was used to determine the scope of the audit. The following processes, procedures and items were considered in scope:

- Core project documentation for alignment with project management best practices
- Governance and decision-making frameworks
- Financial and staff/vendor resourcing dedicated to the project
- Change management and risk management strategies

The scope of the audit did not include the following:
- Examining the historical business case for the ERP Project or the consultant's recommendations to procure an ERP and Implementation Partner
- The procurement process for the ERP software
- The Enterprise Asset Management System (EAMS) project

The audit was performed from June to October 2022 while the ERP Project was progressing through the Initiation and Planning/Definition phases. It was noted that many controls and project documents were a work-in-progress during the audit fieldwork and in many cases, project staff took an iterative approach to creating and maintaining key project documents (typical for projects like these).

INTERNAL AUDIT FINDINGS

Overall, the City has a highly effective project management framework for the ERP Project. No high-risk issues were identified during the audit. The following areas were deemed to be operating effectively:

- Key project documents exist, are comprehensive and are aligned with project management leading practices:
    - Project documents (artefacts) are well prepared
    - Staff effectively prepare, store, update, share these documents on common communications tools/platforms
    - Staff conducted multiple workshops and process re-engineering to fit within Workday's recommended processes, where feasible. This includes adopting enhanced business processes and new functionality available for staff.
- Project is adequately resourced with dedicated financial and people resources:
    - Project staff (i.e. subject-matter-experts) were seconded from user departments and are fully dedicated to the ERP project
    - Multiple tranches of funding approved by Council has afforded sufficient financial resources to complete the project
- Communications and reporting are effective:
    - Integrations with other projects/initiatives were identified early, thoughtfully planned and are continuously monitored
    - Communications between work stream Leads, support staff, consultants and non-project staff in home departments is effective
    - Staff have an effective working relationship with the Implementation Partner
- Staff demonstrate a strong working culture and motivation to succeed:
    - Interviews with multiple project leads and staff demonstrated a cohesive, motivated workforce
    - Staff communicated an excitement to begin using the new software
    - Project Leads and staff are working above standard weekly work hours to meet project timelines
- Management oversight:
    - Governance and decision-making processes between Enterprise Software Steering Committee (ESSC), Sponsors, ERP & EAMS Program Manager and ERP Project Manager are effective
    - Executive Sponsors demonstrate strong support for project staff

Unlike the traditional internal audit approach, whereby a final audit report with findings and recommendations is provided at the end; interim findings and recommendations were provided to Management on a timely basis throughout the audit process to assist Project Leads to address issues immediately. This final audit report serves as a summary of the audit findings.

The City Auditor appreciates the assistance and co-operation from the ERP & EAMS Program Manager and all ERP Project staff who supported the audit.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

An Enterprise Resource Planning software (ERP) is an integrated suite of business applications. In the future state, the City of Burlington's software applications will share a common process and data model allowing for the efficient collection, storage and retrieval of operational, financial and HR data to support multiple business functions and processes.

In spring 2022, the City embarked on a major transformational project to replace multiple existing software applications with Workday's Human Capital Management (HCM), Financial Management and Adaptive Planning tools within an integrated Workday environment. This capital project (#CA0072) was approved by Council in the 2019 capital budget. Workday Inc (a multi-national software vendor) and Kainos Group PLC (a UK based software provider and Workday Certified Implementation Partner) were chosen through competitive procurements to supply the ERP platform and implementation services, respectively.

The ERP Project is governed by an Enterprise Software Steering Committee made up by senior leaders from across the organization including the Chief Information Officer, Chief Financial Officer, Executive Director of Human Resources, and others. On a day-to-day basis, the project is managed by a dedicated ERP & EAMS Program Manager and Project Manager, both of whom are certified Project Management Professionals. A team of 14 staff from across ITS, Finance and HR are working in conjunction with Kainos to implement these new Workday software applications over a multi-year project, due to be completed in 2023.

There are multiple inherent risks associated with a major transformational project like an ERP implementation including (but not limited to):
- Scheduling - ERP Project may be delivered late/behind schedule due to the complexity of the implementation, 'scope creep', staff turnover etc.
- Financial - ERP Project may be delivered over-budget due to unexpected costs from change orders, unrealized assumptions/estimates in the budget etc.
- Project execution - The complexity of implementing multiple software applications and transforming multiple business processes concurrently is inherently very risky
- Change Management - Staff may not adopt the new technology or realize all of its benefits
- Vendor Management – The Implementation Partner may not perform as expected due to consulting staff turnover, misaligned expectations etc.
- Privacy & Confidentiality – The City's private and confidential data may be exposed to unauthorized stakeholders during the implementation

During the audit, these risks and others were evaluated and risk-rated from an inherent perspective using the Internal Audit inherent risk rating methodology. Through the completion of audit fieldwork and having evaluated the layers of controls within the project management framework; the residual risk rating was obtained. Due to the fluid nature of an ERP Project which is still progressing, it is likely these residual risk ratings can change for a number of internal and external factors. These risks are continuously being re-evaluated by the ERP & EAMS Program Manager and ERP Project Manager and reported up to the ESSC (monthly) and Council (quarterly).

A series of benchmarking interviews was conducted with ten North American organizations that had recently implemented Workday and other City project managers in order to identify key success factors, project risks, project management strategies/tactics, financial/staff resourcing, objectives and ERP project scope. The implementation experiences and strategies of these organizations was compared and contrasted against the City of Burlington's ERP Project and this analysis was ultimately shared with the ERP Project leadership. This analysis revealed that the City's ERP Project in relation to the 10 benchmarked organizations is well resourced, well organized/structured and progressing effectively (up until that point in time).

Lastly, throughout the time of the audit, the ERP Project status reporting has consistently trended positively through project status reports to ESSC and Council Standing Committee-CSSRA. Schedule, budget and scope status was consistently reported as 'Green' through the audit period, which means that the project is on track to meets its scheduling, financial and workplan objectives. A deeper analysis of these reports revealed comprehensive reporting of key risks, work milestones, progress against key deadlines and decisions required.

The following are issues that were identified and previously communicated to Management through the audit fieldwork. These issues were known to ERP Project leadership and have been already addressed:
1. The decision to procure the ERP software and services of the Implementation Partner separately led to a timing difference between the effective dates of the Workday and Kainos contracts, respectively. As a result of this timing difference and an unrelated delay caused by an extended procurement negotiation period; the realized value of Workday in the first year of the contract term was negligible. As stated, this was a known issue to Management and was addressed by providing extended training and education to ERP project staff and preparing core project documents early. In addition, some staff were released back to their home departments to support other City initiatives until the Implementation Partner was onboarded.
2. The vacancy in the key role of Change Management Lead during the early phases of the project was a concern for the creation and execution of the long-term change management strategy. ERP Project leadership was aware of this issue which resulted from multiple unsuccessful recruiting attempts caused by a competitive labour market. Interim solutions including obtaining change management resources from Kainos, were implemented until September 2022 when a part-time resource was obtained to lead change management initiatives and a full-time resource was obtained to lead training initiatives.

A second phase to this audit will be recommended to the Audit Committee as a part of the 2023 Audit Plan. The scope of this audit may include: confirmation that the data migrated from the legacy platforms to the new ERP system is accurate and complete, validation that training and change management strategies have been adopted, individual project risks have been documented and remedied to an acceptable level and future state business processes have been sufficiently documented and tested. Timing of this audit project will ultimately be determined by the progression of the overall ERP project and in consultation with Management.

APPENDIX I – INTERNAL AUDIT STANDARDS

AUDIT METHODOLOGY

The City Auditor relied upon interviews with key ERP Project personnel, examination of project information, data, and other documentary evidence and benchmarking interviews with the following Workday clients/City project managers:

- Brock University
- Enmax Corporation
- Hydro Ottawa
- Revera Living Inc.
- University of Ottawa

- Town of Milton
- City of Rochester (USA)
- City of Ontario (USA)
- City staff supporting the CRM project
- City staff supporting the AVL project

AUDIT CONCLUSIONS

The conclusions reached in this report are based upon information available at the time. The overall conclusion is only applicable to the function/area of this audit. It reflects the professional judgment of the Office of the City Auditor based on a comparison of situations as they existed at the time against audit criteria as identified in the scope of the audit.

REASONABLE ASSURANCE

This conclusion is intended to provide reasonable assurance regarding internal controls. There are inherent limitations in any controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective controls may provide only reasonable assurance with respect to City operations.

CITY OF
Burlington

SUBJECT: Health & Safety audit report

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-10-22

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: December 14, 2022

Date to Council: January 24, 2023

Recommendation:

Receive and file city auditor's office report CA-10-22 regarding the Health & Safety audit attached as Appendix A.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The City of Burlington's Audit Committee approved an internal audit to be performed around health and safety controls surrounding the COVID-19 pandemic response. The audit included an assessment of the current protocols and processes to ensure that evolving provincial & regional health orders related to the COVID-19 pandemic were being adhered to. Testing of compliance to established corporate COVID-19 safety measures was conducted at a strategically selected sample of 25 City facilities.

Strategy/process

Overall – The City has an effective management control system for managing and preventing COVID-19 for its staff, customers and other stakeholders. The following is a summary of the findings for areas of improvement:

1. Improve HVAC systems and monitoring at some City facilities: Medium Risk
2. COVID-19 Safety Plan controls require minor improvements: Low Risk

A detailed analysis of the effective layers of control within the health & safety program as well as the above areas for improvement is found in the full audit report: see Appendix A.

Options Considered

No alternative options were considered as this audit was approved by the Audit Committee in February 2022.

Financial Matters:

Total Financial Impact

There was no cost to perform this audit with the exception of the City Auditor's time. A total of 292 hours were incurred to perform this audit.

Source of Funding

Not applicable.

Other Resource Impacts

A number of City staff from other departments were involved in this internal audit, principally Health, Safety & Wellness within Corporate HR. A majority of other City departments also supported the on-site testing of compliance to the COVID-19 Safety Plan at 25 strategically selected City facilities. Management and staff's efforts included meetings, interviews, facilitating on-site fieldwork, preparing and sharing documentation, reviewing the draft audit report and preparing Management Action Plans. This amount of time was not tracked by the City Auditor.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

Overall, the City has an effective management control system for managing and preventing COVID-19 for its staff, customers and other stakeholders.

Respectfully submitted,

Maciej Jurczyk, CPA, CIA, CRMA, LSSGB, CFE

City Auditor

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Appendices:

A. CA-10-22 Appendix A: Health & Safety Audit Report

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Office of the City Auditor

Health & Safety (Pandemic Controls) Audit

Audit Unit:	Health, Safety and Wellness
Date of Audit:	July – October 2022
Auditor:	Maciej Jurczyk, City Auditor
Distributed To:	City of Burlington Audit Committee

Laura Boyd, Executive Director, Human Resources
Allan Magi, Executive Director, EICS
Enrico Scalera, Director of Roads, Parks, Forestry
Ken Pirhonen, Manager of Facility Assets
Chris Kroes, Manager of Health, Safety & Wellness

cc: Tim Commisso, City Manager
Nancy Shea Nicol, Executive Director of Legal Services & Corporation Counsel

Date Issued: November 30, 2022

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the 2022 Audit Plan, the City Auditor performed a review of the internal controls surrounding the COVID-19 pandemic response. The purpose of this audit was to assess that evolving health and safety (H&S) controls and processes related to the COVID-19 pandemic were being adhered to. Testing of compliance to corporate COVID-19 safety measures at 25 various City sites and departments was conducted.

The City of Burlington has a legislative requirement to "*keep a safe and well-maintained workplace; to take all reasonable precautions to protect workers from illness and/or injury*"[1]. As a service-based organization, the City has hundreds of employees in public-facing environments where they have a higher risk of contracting COVID-19 or other illnesses through the nature of their work, particularly those staff that work in close proximity to other staff or members of the public*.* A principal objective of the audit was to ensure that the City would be ready to manage through subsequent waves of the pandemic, if required.

SCOPE

A risk-based auditing approach was used to determine the scope of the audit. The following processes, procedures and items were considered in scope:

- Ensuring safety and cleaning supplies (related to COVID-19 such as gloves, masks etc.) are available and appropriately managed
- Determine if facility infrastructure is compliant with corporate COVID-19 Safety Plan
- Ensure that cleaning and disinfection is occurring at a rate compliant with the COVID-19 Safety Plan
- Ensure that H&S passive controls exist and are properly installed at City facilities
- Review the security controls related to the City's data within its e-screening portal
- A review of employee workplace surveys to identify trends in health & safety responses
- Management oversight and control systems over health & safety

The scope of the audit did not include the following:
- Historical H&S directives that have already been lifted (by either the Provincial or Regional Medical Officer of Health); or prior corporate H&S directives
- 'Day-to-day' occupational H&S rules and regulations (these was previously audited in 2018)

A strategically selected sample of 25 City facilities was chosen to visit (see Appendix II).

The audit was planned to take place during Q3, which historically coincided with the fewest cases of COVID-19 transmission in the workplace and society at large. It was noted that provincial directives from the Chief Medical Officer of Health related to COVID-19 were relaxed over the course of Q2 2022. Many controls within the corporate COVID-19 Safety Plan and related toolkits were revised and amended in June 2022 to follow provincial requirements.

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[1] Occupational Health & Safety Act; see https://www.wsps.ca/resource-hub/articles/ohsa-ontario-and-employers-responsibilities

INTERNAL AUDIT FINDINGS

Overall, the City has an effective management control system for managing and preventing COVID-19 for its staff, customers and other stakeholders. No high-risk issues were identified during the audit. The following areas were deemed to be operating effectively:

- COVID-19 related safety and cleaning supplies:
    - The City has obtained a sufficient supply of COVID-19 safety supplies (i.e. N95 masks, disposable medical-grade masks, gloves, hand-sanitizer, wipes etc.)
    - The City has entered into agreements with bona fide suppliers to continue to provision the City with supplies in a reliable manner with timely re-stocking
    - The City developed an effective centralized model for purchasing and distributing safety supplies
- Air handling infrastructure (HVAC):
    - The majority of City facilities audited had robust computerized HVAC systems capable of filtering fine particles including virus aerosols and droplets, with knowledgeable staff who knew how to properly operate the equipment
    - These HVAC systems are important for providing the freshest and cleanest air possible for staff and members of the public within City facilities
- Employee surveys:
    - A review of employee workplace surveys from 2018, 2020 and 2022 demonstrated a strong understanding from staff of the corporate health & safety requirements. In addition, a large majority of staff responded with a high employee engagement towards health & safety and stated it was a priority for the organization
- Management oversight:
    - Management have continued to prioritize COVID-19 and illness prevention through effective on-going information, education and training
    - Management has demonstrated on-going attention and awareness to health & safety through multiple pro-active controls including: staff town-halls, verbal updates to CSSRA Committee, 'Safety Talks' and key performance indicators published by corporate Health, Safety & Wellness, frequent updates to health & safety policies, mandatory staff training, etc.

The following is a summary of findings for areas of improvement:
1. Improve HVAC systems and monitoring at some City facilities: Medium Risk
2. COVID-19 Safety Plan controls require minor improvements: Low Risk

The City Auditor appreciates the assistance and co-operation from the Manager of Health, Safety & Wellness as well as front-line staff and supervisors teams from 25 various City facilities during the course of this audit.

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Health, Safety & Wellness is a function responsible for developing and maintaining the corporate health and safety program, primarily through Corporate Health and Safety Standards, in order to support City departments in reducing risks and ensuring regulatory compliance. A team of two certified health & safety professionals facilitate the corporate health & safety program; however the City employs an 'internal responsibility system' whereby all management and staff are equally responsible for ensuring there is a safe workplace.

The COVID-19 pandemic had a significant impact on the organization, not unlike other comparable municipalities. A multi-faceted approach led by the Emergency Control Group (ECG) and supported by Health, Safety & Wellness provided strategic and tactical leadership throughout the pandemic.

The Health, Safety & Wellness team prepared and continues to maintain a COVID-19 Safety Plan that includes policies, guidelines, toolkits for people-managers, Q&A's for staff etc. These controls have evolved over the course of the pandemic as guidance from the Ontario and Regional Medical Officers of Health has evolved and formed the basis of the scope of work for this audit.

The principal risk associated with this internal audit is that a City staff member, customer or other stakeholder contracts an illness while working or visiting a City location. This was rated a 'High' risk from an inherent perspective at the beginning of the audit. Through the completion of audit fieldwork and having evaluated the layers of controls within the COVID-19 Safety Plan; the residual risk rating is 'Medium'. Due to the fluid nature of COVID-19 transmission in the community, it is likely this residual risk rating can change, particularly in the wintertime when historically, the transmission of respiratory illnesses is greater. Management can consider re-instating health & safety controls that have been previously relaxed including masking, social distancing, enhanced cleaning & disinfection etc.

The following are the observations from the audit along with recommendations and Management's Action Plans to address these issues. See Appendix I for further information regarding Internal Audit Standards and Audit Severity Scale.

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Observation #1 – Improve HVAC systems and monitoring at some City facilities	
Risk Ranking	**MEDIUM**

Three distinct issues were noted during the audit of the City's HVAC (Heating, Ventilation, Air Conditioning) systems:

1. The COVID-19 Safety Plan directs upgrading air filters to MERV 13 rating or higher (MERV = Minimum Efficiency Reporting Value). Five of the 25 sampled facilities had an air filter with a lesser standard installed.

2. The COVID-19 Safety Plan requires air filters to be replaced every 60 days (Note: 90 days was the pre-pandemic standard). A review of invoices from the City's HVAC contractor could not determine the actual replacement dates, as many invoices lacked the 'date of service' and only included the 'invoice date'. It may be likely that the 60 day replacement cycle is occurring based on the frequency of invoices observed in some locations, however overall the time between service dates cannot be examined. Staff had communicated the City's expectations to replace air filters on a 60 day replacement cycle near the beginning of the COVID-19 pandemic, however the high volume of the HVAC systems (note: many facilities have a multiple HVAC systems per building) have resulted in a degree of reliance on the contractor to maintain and manage the replacement cycle.

3. Three audited facilities did not a have standard commercial grade HVAC system (note: electric portable heaters and/or portable air conditioners were observed in these relatively small Roads, Parks & Forestry-RPF satellite locations). Therefore, there was no air filtration within these indoor facilities. For clarity, there are only 2-7 staff that work at these facilities concurrently (and typically no members of the public).

Implication

1. HVAC systems with air filters installed that have a MERV rating of 13 or higher can effectively filter the air of smaller particles, including virus containing aerosols and droplets. A lower rating as observed at five City facilities produces a lower standard of air filtration, thereby not providing staff and members of the public with the freshest and cleanest air possible.

2. Replacing MERV 13 air filters more frequently than the prior 90 days standard has two benefits: (1) the higher/finer standard of a MERV 13 air filter captures more particles thereby necessitating the need to replace the filters more frequently to run the HVAC system efficiently. Secondly, replacing the existing air filter (with a new clean one) more frequently provides cleaner and fresher air for staff and members of the public.

3. Staff working at these three RPF facilities are exposed to stagnant and recycled air, thereby increasing the risk of sharing airborne virus containing particles.

Recommendation

1. Follow-up with City's vendor to install MERV 13 rated air filters at the City facilities noted during the audit. Reinforce the City's specifications/requirements to the contractor for MERV 13 rated air filters to be installed at all City facilities, where applicable.
2. Update the specifications/requirements in the contract of the City's HVAC vendor to either write the replacement date on the filter OR explicitly identify the service date on the invoice OR both.
3. Procure a portable air purifier for the three RPF facilities noted in the audit (and other comparable locations) and install them in the employee office/breakroom.

Management Action Plan

Person(s) Responsible	1. Manager of Facility Assets 2. Manager of Facility Assets 3. Director of Roads, Parks, Forestry	**Completion Date**	1. Q1 2023 2. Q2 2023 3. Dec 9, 2022

1. The current vendor will be advised of the incorrect filters observed at Central, Rotary and FS#7. They will also be advised that the MERV-13 filter requirement is being maintained through to the completion of their contract in March 2023.
2. The new contract will require a continuation of MERV-13 filters in the equipment inventory that handles recycled air and is capable of accepting a MERV-13 filter. The new contract will also prescribe manually dating filters.
3. RPF will provide portable air purifiers at the locations noted and will also review similar sites where this is warranted.

Observation #2 – COVID-19 Safety Plan controls require minor improvements	
Risk Ranking	**LOW**

The COVID-19 Safety Plan requires that staff (or third-party custodial contractors) clean and disinfect high-traffic common touch-points in City facilities (i.e. door knobs, hand rails, elevator buttons, light switches, faucet handles, fuel pumps, etc.) two times per day. A review of this requirement at 25 sampled City facilities revealed that was not happening (or happening inconsistently) at eight facilities.

> Note: City facilities with dedicated Facility Operators or Operations Attendants (example: City Hall, Recreation Centers, Arenas, Pools etc.) were significantly more effective at executing this control than facilities without dedicated staff.

Secondly, the COVID-19 Safety Plan prescribes multiple layers of passive controls that complement other Health & Safety measures. During the audit, a number of these passive controls were missing at various facilities including:
- Plastic droplet barriers not installed in two facilities
- Staff capacity limit sign missing (or incomplete) at seven facilities
- Hand sanitizer missing (or empty) at two facilities near the entrance/exit door
- COVID-19 symptom screening sign missing in three facilities
- Hand-washing sign missing in three facilities

Lastly, the City has a sufficient safety stock of COVID-19 related safety and cleaning supplies (i.e. N95 masks, disposable medical grade masks, hand sanitizer, sanitizing wipes etc.). However, seven facilities (out of 25 audited) had safety supplies that have expired past the manufacturer's best before date. These included: hand-sanitizer, sanitizing wipes, sanitizing spray and anti-microbial hand-solution.

Implication

Inconsistent cleaning and disinfecting of common surfaces such as door handles may increase the risk of virus particles spreading from person to person. Enhanced cleaning and disinfecting practices as described in the COVID-19 Safety Plan are preventative measures to reduce the risk of contracting the illness from common surfaces in City facilities.

Individually these passive controls do not directly prevent the spread of illness in the workplace or protect members of the public; however collectively these add a layer of additional defense for staff and customers.

The concentration of active ingredients in some COVID-19 safety supplies such as hand sanitizer can decrease over time leading to a lower degree of efficacy.

Recommendation

1. Health, Safety & Wellness should reinforce the requirements in the COVID-19 Safety Plan including cleaning/disinfecting common touch-points at least twice per day as well as ensuring layers of passive controls prescribed in the Safety Plan exist in all facilities.

This should include corporate-wide messaging directed to all staff and supported by the Burlington Leadership Team. A dedicated 'Safety Talk' directed to staff may be considered.
2. Health, Safety & Wellness should develop and facilitate a process to safely dispose of expired COVID-19 safety supplies.

Management Action Plan			
Person(s) Responsible	Manager of Health, Safety & Wellness	**Completion Date**	1. Target: 12/2/2022 2. Target: 12/2/2022

1. The October 2022 Safety Talk package included infographics on infection prevention measures, as well as a link to the COVID-19 Safety Plan, with a request for supervisors to communicate the updated plan to staff.

   An email will be sent from the Manager of Health, Safety and Wellness to people leaders who have responsibility for facility operations/mgt., to reiterate the requirements to disinfect high traffic touch points 2x daily. Further, it will be strongly recommended that facility-specific checklists are created that identify the touch points as an administrative control (if the facility does not already have one).

2. An email will be sent to the Burlington Management Team, to ask their staff to check for expired hand sanitizers and disinfectants and dispose of them in accordance with Halton Region's recommendations (hazardous waste).

   The Manager of HS&W will investigate potential options for a city-wide hazardous waste disposal process, including a preferred/contracted vendor.

APPENDIX I – INTERNAL AUDIT STANDARDS & FINDING SEVERITY SCALE

Rating	Definition
HIGH	• Residual risk is very high or high • Key control does not exist, is poorly designed or is not operating as intended • Serious non-compliance to policy or regulation • May result in immediate or material loss/misuse of assets, legal/regulatory action, material financial statement misstatements, etc. • Indicates a serious control weakness/deficiency requiring immediate action by Senior Management
MEDIUM	• Residual risk is medium • Key controls are partially in place and/or are operating only somewhat effectively • Some non-compliance to policy or regulation • May negatively affect the efficiency and effectiveness of operations and/or financial reporting accuracy • Indicates a control concern requiring near-term action be taken by Management
LOW	• Residual risk is low to very low • Key controls are in place, but procedures and/or operations could be enhanced • Minor non-compliance to policy or procedures • May result in minor impact to operations or operational inconvenience to staff and management • Indicates a control improvement opportunity for which longer-term action may be acceptable

AUDIT METHODOLOGY

The City Auditor relied upon interviews with and observation of key personnel, examination of information, data, and other documentary evidence and re-testing of controls. On-site audit fieldwork took place at a strategically selected sample of 25 City facilities.

AUDIT CONCLUSIONS

The conclusions reached in this report are based upon information available at the time. The overall conclusion is only applicable to the function/area of this audit. It reflects the professional judgment of the Office of the City Auditor based on a comparison of situations as they existed at the time against audit criteria as identified in the scope of the audit.

REASONABLE ASSURANCE

This conclusion is intended to provide reasonable assurance regarding internal controls. There are inherent limitations in any controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective controls may provide only reasonable assurance with respect to City operations.

APPENDIX II – SAMPLE OF CITY FACILITIES

A strategic sample of 25 City facilities was selected for audit fieldwork:

#	FACILITY GROUPING	FACILITY NAME	FACILITY ADDRESS
1	Administration Buildings	City Hall	426 Brant St.
2	Administration Buildings	SIMS Square	390 Brant St
3	Fire Department	Fire Station 1 and Headquarters Administration Building	1255 Fairview St.
4	Fire Department	Fire Station 3-Waterdown Rd and St Johns Ambulance	1044 Waterdown Rd.
5	Fire Department	Fire Station 6-Cumberland	455 Cumberland Ave.
6	Fire Department	Fire Station 7-Dundas & Berwick	4100 Dundas St.
7	Parks & Recreation	Central Arena	519 Drury Lane
8	Parks & Recreation	Mainway Arena	4015 Mainway
9	Parks & Recreation	Haber Recreation Centre	3040 Tim Dobbie Dr.
10	Parks & Recreation	Brant Hills Community Centre	2255 Brant St.
11	Parks & Recreation	Tansley Woods Community Centre/Pool	1996 Itabashi Way
12	Parks & Recreation	Aldershot Pool	50 Fairwood Pl.
13	Parks & Recreation	Angela Coughlan Pool	2425 Upper Middle Rd.
14	Parks & Recreation	Burlington Centennial Pool	5151 New St.
15	Transportation	Traffic Operations Centre	1340 Brant St.
16	Revenue Generating/NetZero - Parks and Rec group	Paletta Lakefront Park-Mansion	4250 Lakeshore Rd.
17	Parks & Recreation	Music Centre	2311 New St.
18	Parks & Recreation	Rotary Youth Centre	560 Guelph Line
19	RPF - Burlington Operations Centre Campus	Operations Center-Main Building	3330 Harvester Rd.
20	RPF - Park Washroom & Maintenance Bldgs	Hidden Valley-Maintenance/Washrooms (Lower)	1137 Hidden Valley Rd.
21	RPF - Park Washroom & Maintenance Bldgs	Millcroft Park Washroom/Mtce/Storage Building	4520 Millcroft Park Dr.
22	RPF - Park Washroom & Maintenance Bldgs	Ireland Park Concession/Washroom Building	2315 Headon Forest Dr.
23	RPF - Park Washroom & Maintenance Bldgs	Central Park Washroom Building	2299 New St.
24	RPF - Park Washroom & Maintenance Bldgs	Apeldoorn Maintenance Facility	1385 Elgin St.
25	Transit	Transit Operations Centre	3332 Harvester Rd.