

AUDITOR GENERAL

Halifax Regional Municipality



Follow-up Review of Outstanding Recommendations – 2019 Audits

Payroll Management
Road and Sidewalk Asset Management

August 2023

August 11, 2023

This **Follow-up Review of Outstanding Recommendations – 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

Evangeline Colman-Sadd, CPA, CA
Auditor General
Halifax Regional Municipality

Table of Contents

Overall Follow-up Results.....	3
Payroll Management Audit – May 2019.....	4
Road and Sidewalk Asset Management Audit – June 2019	5
Background.....	6
Objective and Scope	6
Contact Information	7

Follow-up Review of Outstanding Recommendations – 2019 Audits

Outstanding recommendation completion rate

Payroll Management Audit – 25%

Road and Sidewalk Asset Management Audit – 67%

Payroll Management Audit (May 2019) – 1/4

Management made improvements by:

- Monitoring employee banking changes

Management needs to improve:

- Quality assurance processes to detect errors in payroll employee data changes
- Monitoring changes to time-entry records



Road and Sidewalk Asset Management Audit (June 2019) – 4/6

Management made improvements by:

- Establishing goals that support Regional Council's priorities
- Planning road and sidewalk capital projects to maximize value-for-money
- Monitoring and maintaining support for subdivision construction

Management needs to develop:

- Long-term funding requirements for sidewalk capital work and renewals
- Measurable performance targets for sidewalks and report performance results

- Audits carried out: 2019
- Initial follow-up: 2021
- Payroll: 9 recommendations – 6 (67%) implemented to date
- Road & Sidewalk: 10 recommendations – 8 (80%) implemented to date
- Will follow up outstanding recommendations in future

Auditor General Halifax Regional Municipality
August 2023

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	✗
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	✗
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	✗
8. Payroll management should establish a process to regularly monitor for unauthorized changes to employee banking information.	Finance & Asset Management	✓

Road and Sidewalk Asset Management Audit – June 2019

Implementation Status by Recommendation

Recommendation	Business Unit	Status
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.	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.	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.	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.	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.	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	✓

Background

The Office of the Auditor General, Halifax Regional Municipality, follows up on audits previously reported by the office after 18 months. We have established an additional process to follow up on outstanding audit recommendations from the initial follow-up after 18 months. These follow-up reviews report the progress management had made in implementing pending changes recommended by the Auditor General when the initial follow-up was carried out.

Objective and Scope

We completed the review of the outstanding recommendations from the 2021 follow-up audits. The audit reports followed up were released in 2019.

- Payroll Management
- Road and Sidewalk Asset Management

Our objective was to provide review level, or limited assurance, on HRM management's implementation of the pending recommendations from the initial follow-up report. 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 Management 1. Our staff comply with the independence and ethical requirements of the Chartered Professional Accountants of Nova Scotia Code of Conduct.

Contact Information

Office of the Auditor General
Halifax Regional Municipality
33 Alderney Drive, Suite 620
Dartmouth, NS, B2Y 2N4

Phone: 902 490 8407

Email: auditorgeneral@halifax.ca

Website: www.hrmauditorgeneral.ca

Twitter: [@Halifax AG](https://twitter.com/HalifaxAG)