
For Information

REPORT TITLE: **Status of Management Action Plans**

FROM: Jennifer Weinman, Interim Director, Enterprise Risk & Audit Services

OBJECTIVE

To provide the Audit and Risk Committee with an update on the status of management action plans which were developed to address audit observations.

REPORT HIGHLIGHTS

- Professional auditing standards require that Enterprise Audit Services have a process in place to monitor the implementation of management action plans.
 - Management successfully implemented nine of the 14 management action plans (64 per cent) that were due to be implemented on or before December 31, 2019.
 - The current risk exposure on the five remaining management action plans that were due but not fully implemented is high and are specific to Peel Living Property Management objectives.
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DISCUSSION

1. Background

Standard 2500.A1 of the *International Standards for the Professional Practice of Internal Auditing* states that Enterprise Audit Services “must establish a follow-up process to monitor and ensure that management actions have been effectively implemented”. Enterprise Audit Services has a process in place to monitor the implementation of management action plans and reports bi-annually to the Audit and Risk Committee on the results.

Commissioners are provided with reports on the status of management action plans throughout the year. These reports provide information to assist with monitoring department specific management action plans.

2. Analysis of Results

Management action plans due to be implemented on or before December 31, 2019 were reviewed. Enterprise Audit Services verified that nine of the 14 plans (64 per cent) that were due by December 31, 2019 were implemented successfully. Of the management action plans that were due by December 31, 2019, a total of five management action plans remain outstanding and pertain to the Peel Living Property Management Audit.

Status of Management Action Plans

The table below shows the implementation rate for management action plans over the past two years.

Reporting Period	Total Due to be Implemented	Total Implemented	Implementation Rate
December 31, 2019	14	9	64%
June 30, 2019	19	18	95%
December 31, 2018	44	30	68%

Peel Living Property Management Audit

Five management action plans remain outstanding. Four of these management actions are related to the implementation of a technology solution, and one is related to a resource to support contract oversight and vendor performance management. These action plans and the planned implementation date are outlined below.

Management is targeting December 31, 2020 for active implementation of the Preventative Maintenance module in MegaMations to address the four observations below:

1. Property Management Information System
2. Asset Management System
3. Preventative Maintenance Planning and Monitoring
4. Managing Repairs and Other Service Requests

Management is actively participating in the Region's Vendor Performance Management program; the roll-out is anticipated in the later part of 2020. A job evaluation for a quality specialist is underway. Participating in the Vendor Performance Management program and hiring a quality specialist address the observation related to:

5. Vendor Management

3. Risk Analysis of Outstanding Management Action Plans

For the reporting period ended December 31, 2019, 64 per cent of the management action plans that were due have been implemented. Part of the audit process involves assigning a risk category and risk ranking to each audit observation. These risks relate to the area that was audited and are specific to the business process objectives. A risk analysis of the management action plans that were due but not fully implemented is provided below.

The risk exposure for the five outstanding management action plans is high. The risks pertain to the specific business processes and systems related to each observation. Refer to Appendix I – Risk Profile for information about the risk rating scale.

The risks relate to the risk categories as outlined below.

1. Property Management Information System – Service Delivery
2. Asset Management System - Technology
3. Preventative Maintenance Planning and Monitoring – Service Delivery
4. Managing Repairs and Other Service Requests – Service Delivery
5. Vendor Management – Procurement

Status of Management Action Plans

Service Delivery risk, Technology risk and Procurement risk fall under the category of Operational risk. Operational risks are the risk of loss from people, systems, internal procedures or events which have the potential for the organization to deviate from its objectives. They are day-to-day risks typically managed by managers, supervisors and staff.

CONCLUSION

Enterprise Audit Services will continue to work with Peel Living management in their efforts toward implementing the management action plan in a timely manner.

Due to the impacts of COVID-19 on many of the Region's services, no additional status of management action plan follow-up will be conducted in 2020. The next follow-up process will be conducted in early 2021 and reported to the Audit and Risk Committee in the spring.

APPENDICES

Appendix I – Risk Profile

For further information regarding this report, please contact Jennifer Weinman, Interim Director, Enterprise Risk and Audit Services, Ext. 4122, jennifer.weinman@peelregion.ca.

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