

BDO Report Recommendations and Implementation

Recommendations	Responsibility	Actions	Timeline	Status / Implementation Notes
G.1.3 Recommendations 25. Our recommendations in respect of <u>capital project approvals</u> follow: <ol style="list-style-type: none"> Consistent and complete records of capital project finances, including actual costs, approved tender amounts and approved project budgets, should be maintained to facilitate timely oversight of project status. Establish policies and processes for required approvals of costs in excess of tendered and/or budgeted amounts. Requirements for Council approval with respect to change orders or cost overruns should be clarified. 	Finance Manager / CAO	<ul style="list-style-type: none"> Develop spread sheets to track capital projects and report quarterly to Finance Committee. Prepare a Procurement Bylaw which will address change orders and approval of same 	<ul style="list-style-type: none"> Spread sheets April 30 Procurement Bylaw presented to Finance June 2023 	
G.2.3 Recommendations 38. Our recommendations with respect to the <u>use and sale of electronic devices to staff and officials</u> follow: <ol style="list-style-type: none"> Develop a policy with respect to the use of personal devices and permitted reimbursements of costs (including the treatment of shared plans); Ensure that City-data is deleted from electronic devices retained by staff or officials upon their departure from the City or removing the device from official City use, and documentation of the same; Maintain documentation to support the fair market value of equipment sold to staff or officials. 	IT Officer / Finance Manager / HR Manager	<ul style="list-style-type: none"> Develop and present policy on the use of personal devices and permitted reimbursements including disposition of the devices (fair market value) and the cleaning of City data. Consider adding “personal devices” and “permitted reimbursements” to current “Electronic Devices and Social Media Policy” – HR Policy - Disposition of devices and clearing of City data – update the current “Redistribution and Disposal of Assets” policy – Finance Policy 	<ul style="list-style-type: none"> Present to Finance Committee July 2023 Finance Committee meeting 	
G.3.3 Recommendations 44. Our recommendations in respect of <u>City-owned property</u> follow: <ol style="list-style-type: none"> Appropriate documentation by the CAO or her/his designate for the determination of surplus status of City property, as well as the determination of fair market value of equipment that is to be disposed of. Disposal procedures, including the deletion of City data (if applicable), should be performed prior to releasing or disposing of City-owned property and duly documented. 	Public Works Manager / Finance Manager / CAO	<ul style="list-style-type: none"> Update Redistribution and use of City Property Policy 	<ul style="list-style-type: none"> Present to July 2023 Finance Committee Meeting 	<ul style="list-style-type: none">

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G.4.3 Recommendations 51. Our recommendations in <u>respect of meals expense claims</u> follow: <ol style="list-style-type: none"> Meals and entertainment expense claims should include the identity of persons attending the event. The expense policy should specify permitted or reasonable rates for gratuities if restrictions on the same are deemed to be appropriate by Council. Reimbursements of expenses should be accompanied by explanations or reconciliations of amounts to which the reimbursements relate. 	Finance Manager / HR Manager / CAO	<ul style="list-style-type: none"> Update the Expense Policy for both elected and staff. Determine whether it should be a policy or bylaw. Address the corporate business expectations for hospitality. Develop an education program for Council and staff. For elected officials it would be to update the “Council Remuneration Bylaw” and for staff update the “Travel & Meal Reimbursement Policy” – staff policy is under HR not Finance. 	<ul style="list-style-type: none"> Present to Finance Committee in June 2023 Present to HR Committee in June 2023 	<ul style="list-style-type: none"> From Finance Committee (April 5, 2023): Ensure no “double-dipping” and be clear in the use of per diems.
G.5.3 Recommendation 57. Our recommendations in <u>respect of pension plan exceptions</u> follow: <ol style="list-style-type: none"> The City Pension bylaw should be followed, and the City should ensure that all employees who are eligible for the pension plan are part of the plan. If exceptions are to be permitted, the conditions for exception should be specified in the bylaw. Appropriate approvals should be obtained for exceptions if not otherwise specifically permitted. 	HR Manager	<ul style="list-style-type: none"> Monitor all new hires to ensure compliance 	<ul style="list-style-type: none"> Ongoing 	
G.6.3 Recommendation 65. Our recommendations in <u>respect of procurement</u> follow: <ol style="list-style-type: none"> The City should consider issuing a new tender if its project requirements materially change in the course of the procurement process. The City’s procurement policy should be updated to outline how to manage material changes in project requirements. 	Finance Manager / CAO	<ul style="list-style-type: none"> Include in Procurement Bylaw 	<ul style="list-style-type: none"> June 2023 Finance Committee 	
G.7.3 Recommendation 72. The City’s position on non-payment of liabilities or obligations, such as incorrectly collected HST amounts, should be presented to Council for a policy decision	Finance Manager / CAO	<ul style="list-style-type: none"> To be presented to Finance Committee and Council. Educate managers on compliance rules and monitor minutes of Committee meetings to ensure compliance. 	<ul style="list-style-type: none"> September 2023 	

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G.8.3 Recommendation 78. <u>Agreements for the use of City property or rights of way</u> should be documented appropriately and the terms thereof updated regularly to reflect current conditions.	Public Works Manager / CAO	<ul style="list-style-type: none"> Work with Records Management Clerk to set up a data base on all city owned property keeping all agreements up to date and renewed when required. 	<ul style="list-style-type: none"> September 2023 	
G.9.3 Recommendation 82. A written agreement (with private business) should be put in place to <u>document the exchange of value for City resources</u> (or access to resources)	Public Works Manager / CAO	<ul style="list-style-type: none"> Prepare the agreement 	<ul style="list-style-type: none"> July 2023 	
G.11.3 Recommendation 91. Our recommendations in respect of <u>development permit deposits</u> follow: <ol style="list-style-type: none"> Security deposits received by the City should be deposited into its bank accounts upon receipt. The City should ensure that permits are not issued until required security deposits are received and processed. 	Planning Manager / Finance Manager	<ul style="list-style-type: none"> Develop a written administrative policy to address security deposits 	<ul style="list-style-type: none"> September 2023 Finance Committee (Information Only) 	
G.12.3 Recommendation 102. Our recommendations in respect of <u>expense reimbursements and per diem allowances</u> follow: <ol style="list-style-type: none"> Conduct a review of expense and allowance policies to ensure consistency with the expectations of Council and best practices for municipalities. Enforce compliance with current policies and bylaws in place for Council and staff, including requirements to provide adequate details regarding travel dates and periodic compliance testing to reconcile planned and actual travel days/time. The expense claim forms should also be updated to include all details necessary to ensure compliance with stated policies. 	Finance Manager / HR Manager / CAO	<ul style="list-style-type: none"> See Action for G.4.3. 	<ul style="list-style-type: none"> Present to Finance Committee in June 2023 Present to HR Committee in June 2023 	
G.14.3 Recommendation 116. Review the <u>capital expenditure accounting process</u> to ensure there is complete and timely recording of actual spending against the approved budget.	Finance Manager	<ul style="list-style-type: none"> Develop departmental policy for the process. Present to Finance Committee and Council Quarterly 	<ul style="list-style-type: none"> September 2023 	

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G.15.3 Recommendation 130. Stated <u>capital expenditure and procurement policies/bylaw should be followed</u> , including requirements to retender or seek re-approval of contracts by Council in the event of material changes in circumstances or errors in the procurement process. See also G.1.3	Finance Manager	<ul style="list-style-type: none"> • Include in Procurement bylaw and implementing policies • Education of Staff 	<ul style="list-style-type: none"> • June 2023 	
G.16.3 Recommendation 145. Our recommendations in respect of the <u>procurement process</u> follow: <ol style="list-style-type: none"> Enforce bylaws and policies for required tendering and approvals. If exceptions are required, document the reasons and approvals accordingly. Make clear the distinction between exceptions in requirements for tendering and requirements for expenditure approvals. 	Finance Manager / CAO	<ul style="list-style-type: none"> • Include in Procurement Bylaw and implementing policies • Education of Staff 	<ul style="list-style-type: none"> • June 2023 	
G.17.3 Recommendation 152. Our recommendations in respect of the <u>procurement process</u> follow: <ol style="list-style-type: none"> Economic resources of the City should be appropriately identified and managed, including decisions to assign rights to those resources to other parties. The ownership of the naming rights and concession revenues, among other economic assets, relating to the Eastlink Centre should be confirmed by the City. 	CAO / Finance Manager / Economic Development	<ul style="list-style-type: none"> • Develop a Policy regarding naming rights. 	<ul style="list-style-type: none"> • Finance Committee September 2023 	<ul style="list-style-type: none"> • From Finance Committee (April 5, 2023): Ensure that policies regarding naming are clearly distinguished (i.e., naming of parks is very different from naming rights and sponsorship)
G.18.2 Recommendation 159. Although the limited purchase order books are no longer in used, the underlying control risks remains with respect to expedited low dollar expenditures. The City should consider <u>conducting periodic reviews of low dollar expenditures</u> made via Fraxion to ensure compliance with procurement policies.	Finance Manager	<ul style="list-style-type: none"> • Develop a process to conduct periodic review low dollar expenditures. 	<ul style="list-style-type: none"> • August 2023 	

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<p>H. RISK OF POTENTIAL FRAUD ARISING FROM MATTERS IDENTIFIED IN THE COMPLAINT</p> <p>160. We have not identified instances of apparent fraud upon the City. However, we have observed deficiencies in the application and enforcement of internal controls, including in regard to the management of electronic devices, travel allowances and expense reimbursements, agreements in respect to access to City resources, capital expenditures and so forth.</p> <p>161. In our opinion, a risk of fraud exists as a result of the failure to comply with internal controls, or efforts to bypass internal controls.</p> <p>162. We recommend that the City undertake a comprehensive review of its internal controls. Such review should identify and prioritize internal controls over its operations, ensure that its policies and procedures are appropriate and monitor compliance on an ongoing basis.</p> <p>163. An important element of an effective internal control system is the education and training of staff. An understanding of internal control objectives can facilitate compliance.</p> <p>164. In addition, the City should review the current procurement, expense, capital policies, as recommended in the relevant sections of this Report.</p>	Finance Committee and Finance Manager	<ul style="list-style-type: none">Request the City auditing firm to undertake a review of a department each year to ensure that internal controls are in place and that the department is working in an efficient manner	<ul style="list-style-type: none">2023	