

Halifax Regional Municipality

Business Systems & Control Group

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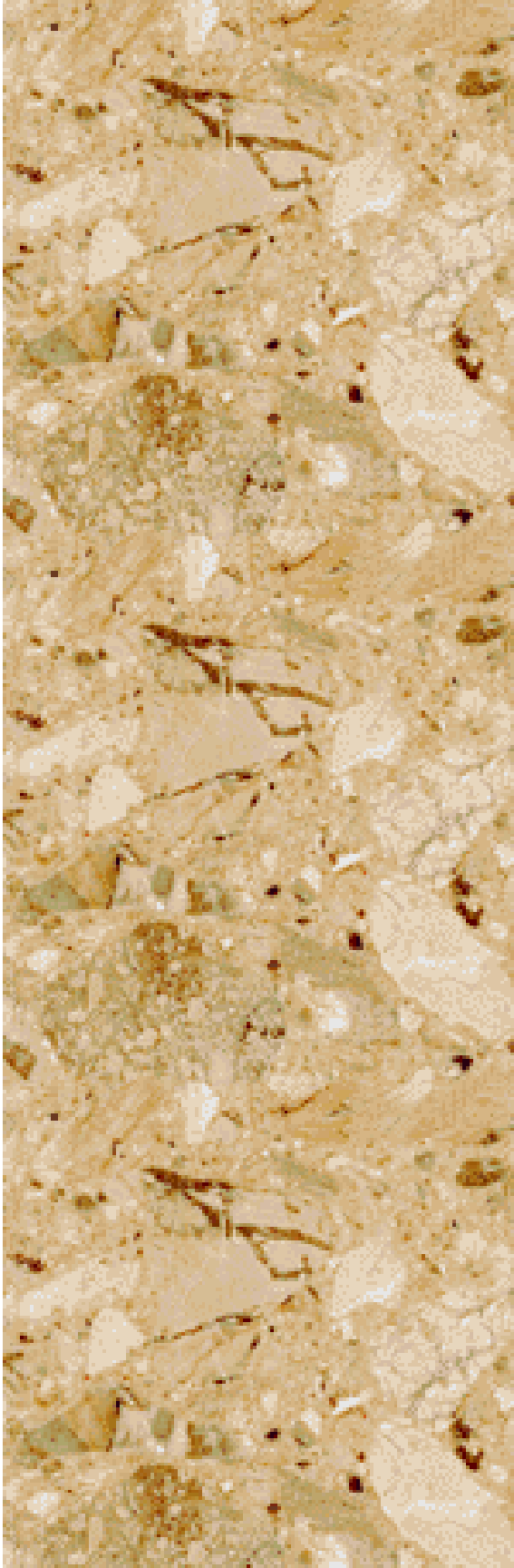


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Executive Summary

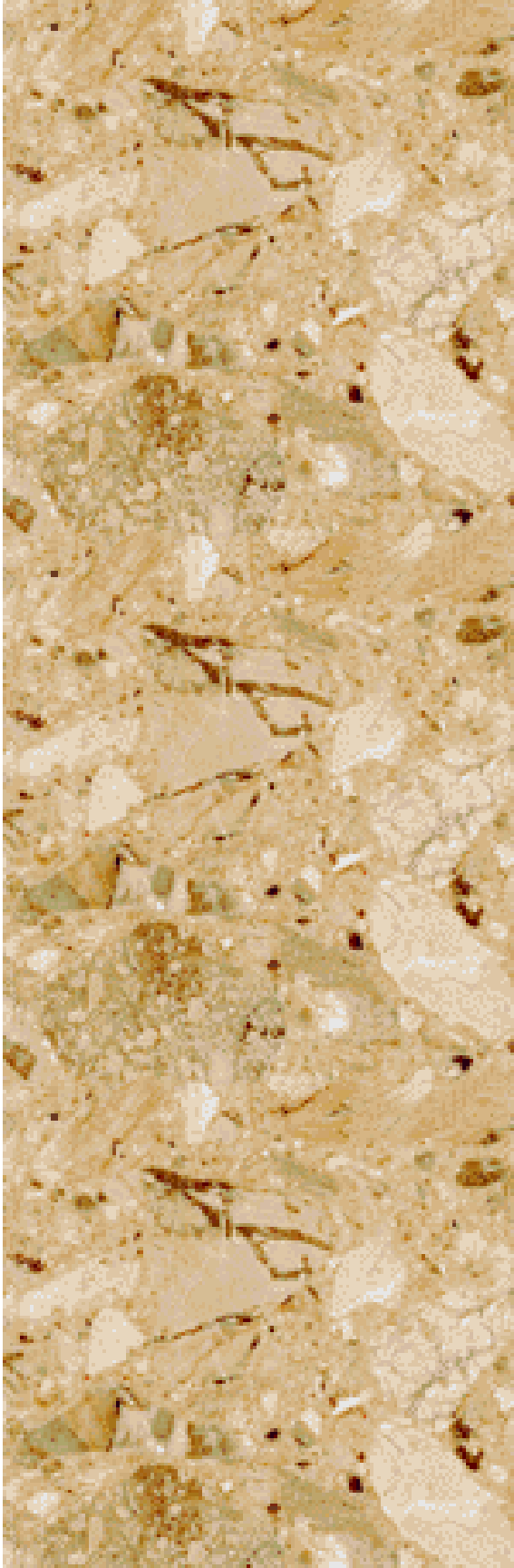
April 1, 2004 marked the roll out of the first year of a three year Audit Plan developed during the 04/05 business planning process. Resources were focussed in areas where the risk potential and/or opportunity to realize operational improvements for the organization was high. In hind sight the Audit Plan was overly ambitious given the nature of the projects conducted. However, a great deal of substantive work was completed. Details on the scope, findings and status of completed work is included as Appendix #1 to this report. Highlights include:

- < Follow -up support to prior years' work
 - o Reporting and Control of Payroll, Phase II
 - o Operational Review of Snow and Ice Control
 - o Review of Non-inventoried Assets & Materials.

- < Two Full Operational Reviews
 - o Fire Prevention Office
 - o General Fleet Service

- < Review of Corporate Succession Planning Activities
- < Review of Corporate and Business Unit Compliance Documentation
- < Review of Street Cut Restorations
- < Numerous one-off requests for assistance, reviewing internal controls - various business units and topics.

- < Continued advancement of Enterprise Risk Management Strategy for HRM.



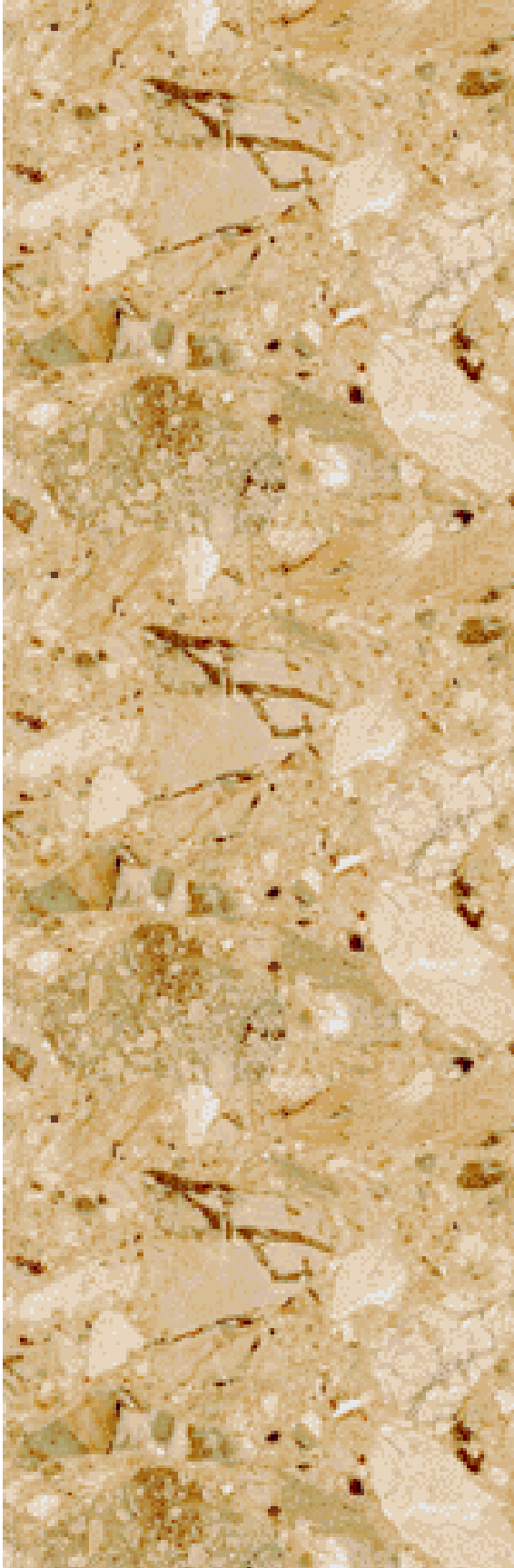
Year-end Summary

The basis for presenting an ambitious Audit Plan for 04/05 included the acquisition of resources external to Business Systems and Control Group and HRM. The establishment of a qualified list of experts from which to draw from on an "as needed basis" was not completed until February 2005, much later than had been anticipated.

Scheduled work relating to the broad testing of internal controls in Accounts Payable, Accounts Receivable and Cash Flow was not started. However, a number of one-off projects were completed which will assist in forming the basis of the scope and focus within the, yet to be drafted, terms of reference for each project. Staff will draw upon external resources to conduct data and quantitative analysis, while staff focus on qualitative internal processes and procedures at the various work locations throughout HRM.

Staff provided assistance to the Province of Nova Scotia Department of Justice and, internally, continue to monitor the financial health of a number of HRM benefit plans. Assistance was provided on a number of internal control issues in the area of Reserves and Visa Purchases. Staff conducted a "Work Place Rights Review" and researched a variety of activities ranging from the use of Councillor Committee Stipends for meals to vending machine fees.

Staff represent Financial Services on the Bylaw Rationalization Committee, Transfer Pricing Staff Committee and provide information on our findings and risk assessment to our external auditors. We assisted financial and human resource consultants in areas of subject matter expertise or knowledge.



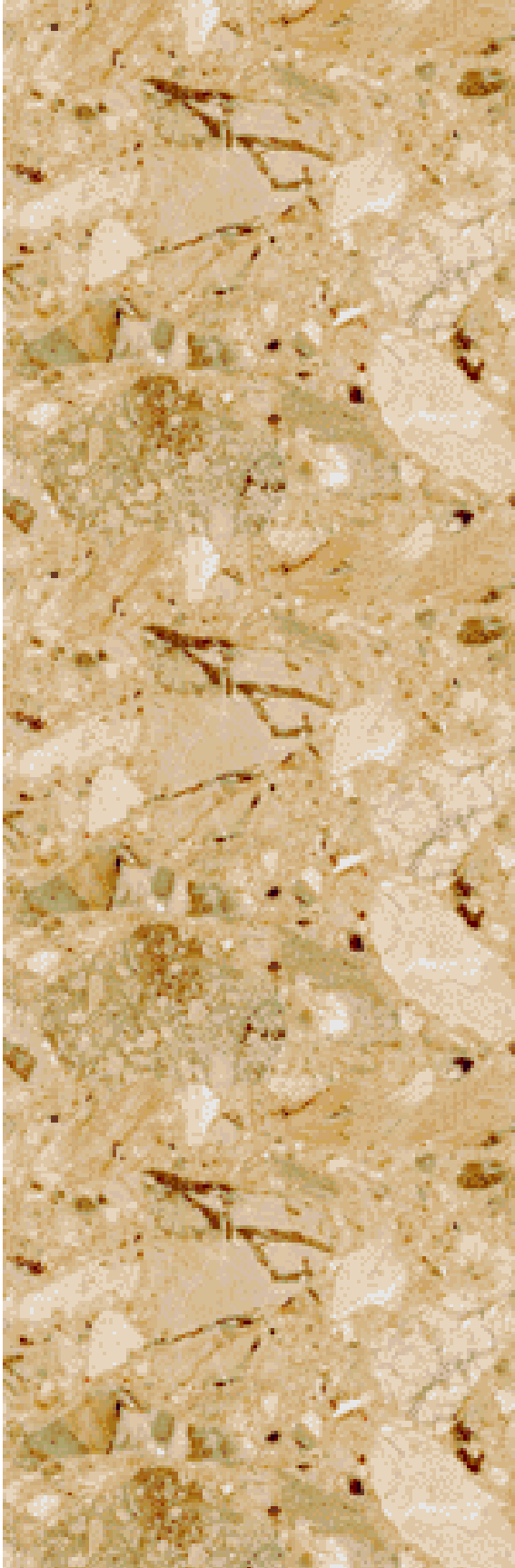
Historical Background

The Business Systems and Control Group was established under the authority of the Chief Administrative Officer in February 2002 to assist management of HRM in the effective discharge of their duties and responsibilities by providing them with objective analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. In achieving this objective, the group acts in both a Business Advisory Role and Policy Compliance Role, using a collaborative and consultative approach with available in-house resources.

Staff is physically located in the Financial Services Business Unit, 3rd Floor, Duke Tower. Depending upon the type and length of time needed to complete an assignment, staff may relocate into the work place under review. A report is filed from each assignment which details the findings and/or recommendations and, where appropriate, a suggested action plan on how the business unit may achieve the recommendations that are accepted.

Achievements

In terms of achievements, the BSCG has focussed its attention on evaluating the effectiveness of internal controls and business processes operating within HRM. The completed work identified an underlying cause of corporate wide system-use failure and developed business solutions for improvements in and out of the electronic environment. This work has been supported by the findings of the SAP Platinum Consultant (Plant Maintenance) hired by Shared Services to review the current use of the PM module and the work completed by Donna Davis, Manager of Data/Business Information Management, Shared Services.



Services Provided

2004/05 marked the first year that Business Systems and Control tracked hours worked to the approved plan. The full details can be found in Appendix #2.

| | |
|--------------------------|------------------|
| Planned Hours | 2,765 hours |
| Actual to Planned Work | 1,420 hours |
| Actual to Unplanned Work | 245 hours |
| Administrative Work | 589 hours |
| Continuous Education | <u>100 hours</u> |
| Non-recorded Work | 511 |
| hours | |

Future Challenges

The focus for 2005/06 will be to complete carry over work from the prior year and assign resources in areas of the organization which reflect a higher risk potential due to organizational changes such as in Recreation, Tourism and Culture. Prior year work includes the completion of compliance reviews for cash handling, accounts payable and accounts receivable activities. Internal resources will be augmented with external resources as appropriate.

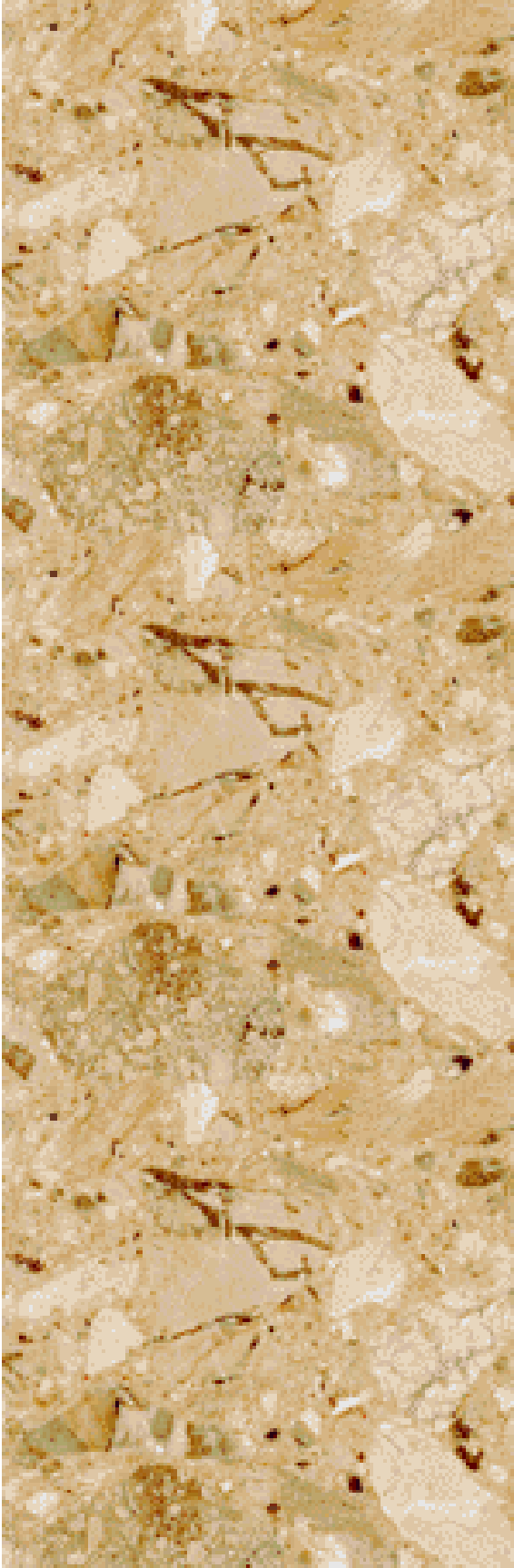
In addition, encouraging a formal, structured risk assessment culture within HRM, commonly referred to as Enterprise Risk Management, will require suitable resources to scope out the project and develop an action plan. The first phase of this project was approved as a Strategic Initiative item during the 05/06 business planning process.

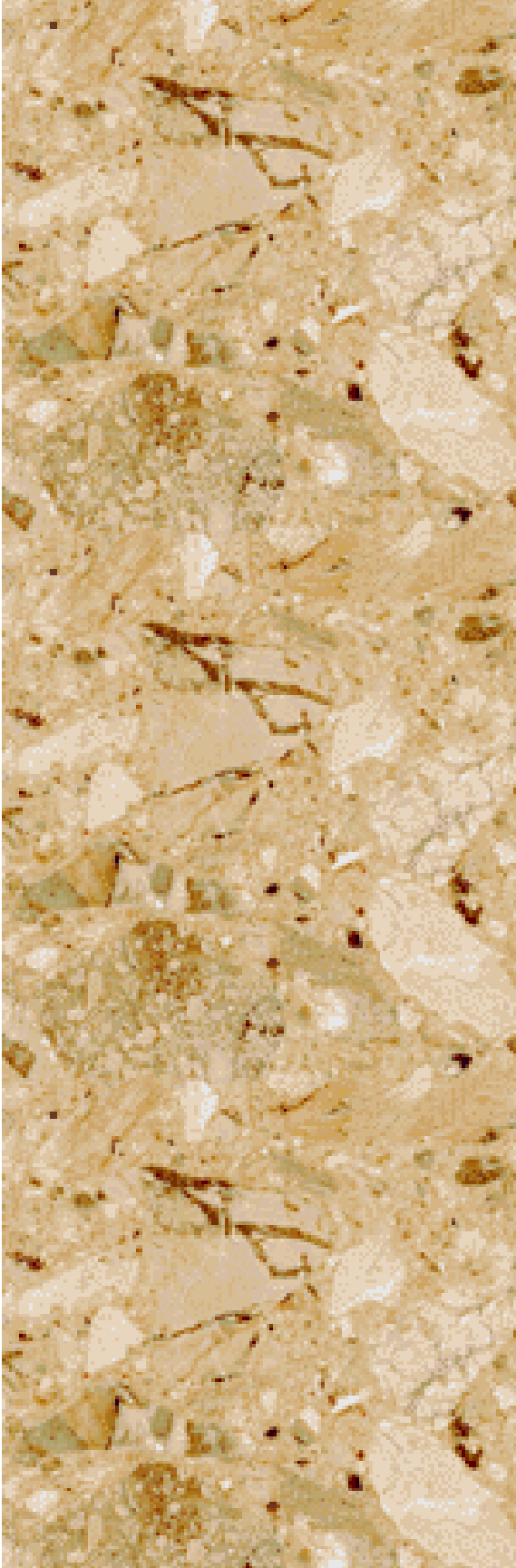
Objectives for 2005/06

The objective for 2005/06 includes completing all planned work.

Acknowledgments

We would like to acknowledge the continued recognition and support of the work of Business Systems and Control Group by individuals, SMT, EMT and Council.





Appendices