



***Audit Services  
Status of Management Action  
Plans Report***

***As at March 31, 2023***

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**TABLE OF CONTENTS**

| <b>Section</b>   | <b>Page No.</b> |
|--|-----------------|
| <b>EXECUTIVE SUMMARY .....</b>   | <b>3</b>        |
| <b>TABLE A – SUMMARY OF STATUS OF MANAGEMENT ACTION PLANS AS AT MARCH 31, 2023 .....</b> | <b>5</b>        |
| <b>TABLE B – STATUS OF MANAGEMENT ACTION PLANS AS AT MARCH 31, 2023 .....</b>            | <b>6</b>        |
| <i>CHS – Sexual Health Clinics .....</i>   | <i>6</i>        |
| <i>OCAO – Long-Term Disability Management &amp; Oversight .....</i>                      | <i>7</i>        |
| <i>CS – Handling of Private Information.....</i>   | <i>15</i>       |
| <i>PW – Water Services Billing.....</i>  | <i>17</i>       |
| <i>FIN – Development Charges .....</i>   | <i>20</i>       |

## Executive Summary

Audit Services has completed a follow-up on the status of Management Action Plans (MAPs) as at March 31, 2023. Our follow-up was conducted in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing Standard 2500 – Monitoring Progress, which requires that the chief audit executive establish and maintain a system to monitor the disposition of results communicated to management and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

The follow-up included:

- All audit reports with one or more open MAPs as of our previous status report dated September 30, 2022 and reported to Audit Committee in January 2023.
- Requests for a One Year Past Due memo from management, where appropriate.<sup>1</sup>

Based on the responses received, management remains committed to the implementation of internal controls and process improvements to mitigate the risks identified in our audits. Table 1 below illustrates the progress management has made over the previous five year period in addressing audit findings in public audit reports:

**Table 1**

| <b>AUDIT REPORT<br/>YEAR</b> | <b>TOTAL MAPS</b> | <b>MAPS COMPLETED<br/>(as at 03/31/23)</b> | <b>MAPS COMPLETED %<br/>(as at 03/31/23)</b> |
|------------------------------|-------------------|--|--|
| 2018                         | 36                | 36   | 100%   |
| 2019                         | 32                | 31   | 97%  |
| 2020                         | 24                | 24   | 100%   |
| 2021                         | 10                | 5  | 50%  |
| 2022                         | 15                | 5  | 33%  |
| <b>Total</b>                 | <b>117</b>        | <b>101</b>                                 | <b>86%</b>                                   |

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<sup>1</sup> As requested by Audit Committee in November 2008, departments having a MAP that remains outstanding more than one year past the original due date must provide Audit Committee with a separate memo as to why the action plan has not been completed.

The following illustration shows a comparison between our last update and our current update of the percentage of MAPS completed for audit reports issued over the previous five year period:

Chart 1



Five audit reports with a combined total of 19 open MAPs were followed up as of March 31, 2023. In total, 14 of the 30 original MAPs – or 47% – have been fully implemented to date. In the last term of Council, this has ranged between 60% and 90% and varies based on timing of reports being issued. The current figure of 47% is lower than usual due to the higher number of recent audits in the current status update, for which there are more open management action plans than closed.

For a summary of audit reports followed up, please see Table A. For updated status of MAPs as at March 31, 2023 see Table B. Additional detail is available upon request from the Director, Audit Services.

**TABLE A – Summary of Status of Management Action Plans as at March 31, 2023**

| <b>Audit Report</b>                                | <b>Date Reported to Audit Committee</b> | <b>Number of recommendations in Audit Report</b> | <b>Completed by 09/30/22</b> | <b>Completed for 03/31/23</b> | <b>Not yet complete as at 03/31/23</b> | <b>(%) Complete as at 03/31/23</b> |
|--|---|--|------------------------------|-------------------------------|--|------------------------------------|
| CHS – Sexual Health Clinics                        | January 2020                            | 5  | 3                            | 1                             | 1                                      | 80%                                |
| OCAO – Long-Term Disability Management & Oversight | January 2022                            | 10   | 3                            | 2                             | 5                                      | 50%                                |
| CS – Handling of Private Information               | January 2023                            | 8  | n/a                          | 5                             | 3                                      | 63%                                |
| PW – Water Services Billing                        | January 2023                            | 4  | n/a                          | 0                             | 4                                      | 0%                                 |
| FIN – Development Charges                          | January 2023                            | 3  | n/a                          | 0                             | 3                                      | 0%                                 |
| <b>Grand Total</b>                                 |   | <b>30</b>  | <b>6</b>                     | <b>8</b>                      | <b>16</b>                              | <b>47%</b>                         |

Department Legend:

- CHS Community and Health Services
- OCAO Office of the Chief Administrative Officer
- CS Corporate Services
- PW Public Works
- FIN Finance

**TABLE B – Status of Management Action Plans as at March 31, 2023**

| Audit Report                       | Recommendation   | Management response  | Original due date | Current due date |
|------------------------------------|--|--|-------------------|------------------|
| <b>CHS – Sexual Health Clinics</b> | <b>4.3</b><br>a) Determine the frequency and need for the community needs assessment. Consider updating the needs assessment every 4 years in line with term of Council. | Draft revised Sexual Health Clinic Needs Assessment completed for Q1 2023; however, additional work required to address concerns raised in audit report. Target date for new Sexual Health Clinic Community Needs Assessment is end of 2024. MOH to provide update to Audit Services in Q4 2024. | Q4 2020           | Q4 2024          |
|                                    | b) Ensure the information included in the needs assessment is current and relevant.  |  |                   |                  |
|                                    | c) Ensure all information contained in the needs assessment is directly tied to and supported by the survey results.   |  |                   |                  |
|                                    | d) Consider the use of an external resource to prepare the needs assessment, or at a minimum review the assessment prepared internally.                                  |  |                   |                  |
|                                    | <b>4.5</b><br>Strengthen oversight and enforcement measures to ensure that all mandatory training is completed and tracked annually as required.                         |  |                   |                  |

| Audit Report   | Recommendation  | Management response  | Original due date | Current due date |
|--|---|--|-------------------|------------------|
| <p><b>OCAO – Long-Term Disability Management &amp; Oversight</b></p> | <p><b>4.1</b><br/>4.1.1<br/>Management should consider transferring the payment processing to the benefits administrator in the new contract.</p> | <p>Work is happening to review the implementation of having LTD benefits transferred back to Sun Life. There is project group that has been assigned to York Region and meetings began in December 2022 to discuss and scope the project.</p> <p>Through the project work done in Q1 of 2023 to review the process of transferring payment, it was determined at the March 2023 meeting, what the outstanding steps are:</p> <ul style="list-style-type: none"> <li>• Communication Strategy for employees on transfer (via letter) to inform them of change and time required to provide banking info (to allow for confirmation of when payment would start from SL)</li> <li>• Additional communication to employees that continue to pay for extended benefits establishing that deductions would continue under Sun Life</li> <li>• Stakeholder Communication: communication to the Union (CUPE/ONA) on the change and impact to staff</li> <li>• Establishing a new bank account to be used for LTD benefits where SL could withdraw funds from the Region. This would be set up through the Controllership Office and would take 16 weeks to move through the approval process</li> <li>• Sun Life confirmed that once the account has been established by the Region, that it would take Sun Life an additional 12 weeks to work through the changes/implementation internally.</li> </ul> <p>As such, a new projected completion date would be some time in Q4.</p> | <p>Q1 2023</p>    | <p>Q4 2023</p>   |

| Audit Report | Recommendation   | Management response  | Original due date | Current due date |
|--------------|--|--|-------------------|------------------|
|              | <p>4.1.2<br/>Management should request quotes for payment processing service to be provided as part of the RFP submission.</p>   | <p>Complete – With the approval of the change in benefit pay provider, the administration fee has been addressed as part of the administration fees for claim management (on approved claims)</p>  | <p>Q1 2023</p>    | <p>N/A</p>       |
|              | <p><b>4.2</b><br/>4.2.1<br/>Human Resources should strongly consider developing and implementing a formal guideline for management that is sent at the time staff start a leave, that provides clear direction on their role and responsibilities for supporting staff on LTD.</p> | <p>Complete as of previous status update</p>   | <p>N/A</p>        | <p>N/A</p>       |
|              | <p>4.2.2<br/>Management should consider creating and implementing a recurring Health and Safety refresher training module to ensure managers are reminded of their responsibilities and equipped with the necessary knowledge to support staff on LTD.</p>                         | <p>This work was put on hold due to competing health and safety priorities and will resume in Q3 of 2023.</p> <p>We have partnered with the Supervisor of Employee Communications and Engagement, to include in their work plan for 2023 and 2024.</p> | <p>Q2 2022</p>    | <p>Q4 2023</p>   |

| Audit Report | Recommendation   | Management response  | Original due date | Current due date |
|--------------|--|--|-------------------|------------------|
|              | <p><b>4.5</b><br/>4.5.1<br/>Management should review and update the current administration process for tracking and managing claim files and eliminate the need for duplication of systems and information.</p>  | <p>Complete as of previous status update</p>   | <p>N/A</p>        | <p>N/A</p>       |
|              | <p>4.5.2<br/>Management should develop clear electronic case management practices for the Parklane system.</p>   | <p>The review of SOPs with respect to documentation in Parklane is scheduled to be complete for Q 3 2023. Once the SOP is completed, it will be forwarded to Corporate Audit as part of the supporting documents for this audit.</p>   | <p>Q4 2022</p>    | <p>Q2 2023</p>   |
|              | <p>4.5.3<br/>Management should consider going paperless with claim files electronically maintained in Parklane. In the interim, alternative options should be explored to eliminate the need for paper files to be stored at employees' personal residences.</p> | <p>Records and Information Management has advised us that once the SOP on documentation is complete, they will review with EHU the record keeping and electronic standards required to maintain Employee Health Files – any changes to documenting (document linking) files in Parklane will be reflected in the SOP for Parklane documentation.</p> | <p>Q4 2022</p>    | <p>Q4 2023</p>   |

| Audit Report | Recommendation  | Management response   | Original due date | Current due date |
|--------------|---|---|-------------------|------------------|
|              | <p>4.5.4<br/>In the interim, Management should review and update the Excel master tracking spreadsheet to ensure that it reflects current claim status and payment information.</p> | <p>Complete as of previous status update</p>  | <p>N/A</p>        | <p>N/A</p>       |
|              | <p><b>4.6</b><br/>4.6.1<br/>The Region should review and consider incorporating into the new benefits administration contract the following:</p>                                    |   |                   |                  |
|              | <p>a) Specific performance measures relating to the timeliness and effectiveness of claim management.</p>   | <p>Complete – Addressed through contract/RFP – please site the following when contacting Procurement:<br/><br/>The performance measures are covered in the audit program Sun Life has with their files and the yearly review that is done with the client (York Region) to address their “Sun Life Promise” which speaks to addressing any performance issues we encounter that are contrary to the contractual expectations.</p> | <p>Q4 2022</p>    | <p>N/A</p>       |
|              | <p>b) Requirements for the benefit administrator to verify physicians' license status during the initial claim assessment and annual verification for active claims.</p>            | <p>Complete – Sun Life confirmed that this is an internal process that they have and once physicians are placed on the “Fraud List”, their name is flagged when processes any reports or request for payment for medical updates/reports.</p>   | <p>Q4 2022</p>    | <p>N/A</p>       |

| Audit Report | Recommendation   | Management response  | Original due date | Current due date |
|--------------|--|--|-------------------|------------------|
|              | c) Specific audit clause to allow Region Audit Services to conduct audits of the benefit administrator's claim management operations.  | Complete – Addressed through contract/RFP - Audit clause included.   | Q4 2022           | N/A              |
|              | d) Consider alternative fee cost structures that are not directly tied to the number of LTD claims.  | While we agree there is a risk, the Region's fee structure cannot change as a result of being an ASO (Administrative Services Only) LTD contract. This means we hold the reserves and pay for the administration of each individual claim. This risk would be eliminated if the Region ever turned into an Insured Services Only contract. (original response in Audit Report) | N/A               | N/A              |
|              | e) Include a provision detailing the role and responsibilities of the benefit provider for completing and reporting on fraud investigations.   | Complete – Addressed through contract/RFP.   | Q4 2022           | N/A              |
|              | f) Consider implementing a reporting framework for long duration claims, including confirmation of annual medical and member updates, and adjustments in CPP benefit rate information. | Complete as of previous status update  | N/A               | N/A              |
|              | <b>4.7</b><br>4.7.1<br>Management should review the discrepancy between Parklane and Sun Life reporting and update accordingly.  | Complete – This claims audit process using Sun Life data and Parklane is performed as part of the review of each quarterly report.   | Q4 2022           | N/A              |

| Audit Report | Recommendation  | Management response   | Original due date | Current due date |
|--------------|---|---|-------------------|------------------|
|              | <p>4.7.2<br/>Management should develop clear electronic case management practices including requirements for case management notes/comments and review date completion. <i>(covered in 4.5.2)</i></p> | <p><i>Covered in 4.5.2</i></p>  | <p>Q4 2022</p>    | <p>Q2 2023</p>   |
|              | <p>4.7.3<br/>In the interim, management should review and update the Excel master tracking spreadsheet to ensure that it reflects current claim status and payment information.</p>                   | <p>Complete as of previous status update</p>  | <p>N/A</p>        | <p>N/A</p>       |
|              | <p><b>4.8</b><br/>4.8.1<br/>Management should request that Sun Life complete notes for all claim file action items and incorporate this requirement into the new contract.</p>                        | <p>Complete as of previous status update</p>  | <p>N/A</p>        | <p>N/A</p>       |
|              | <p>4.8.2<br/>Management should incorporate into the new contract specific performance measures relating to the timeliness and effectiveness of claim management. <i>(covered in 4.6.1)</i>.</p>       | <p>Complete – Addressed through contract/RFP.<br/><br/>The performance measures are covered in the audit program Sun Life has with their files and the yearly review that is done with the client (York Region) to address their “Sun Life Promise” which speaks to addressing any performance issues we encounter that are contrary to the contractual expectations.</p> | <p>Q4 2022</p>    | <p>N/A</p>       |

| Audit Report | Recommendation   | Management response                          | Original due date | Current due date |
|--------------|--|--|-------------------|------------------|
|              | <p>4.8.3<br/>Management should follow up with Sun Life on the two noted outstanding CPP applications and implement measures to ensure pending CPP applications are closely monitored.</p>                                | <p>Complete as of previous status update</p> | <p>N/A</p>        | <p>N/A</p>       |
|              | <p><b>4.10</b><br/>4.10.1<br/>Management should strongly consider transferring the payment processing to the benefit administrator to help minimize overpayments. <i>Refer to Observation 4.1 – Payment Process.</i></p> | <p>See response for 4.1.1</p>                | <p>Q1 2023</p>    | <p>Q4 2023</p>   |
|              | <p>4.10.2<br/>Management should increase oversight on CPP application status, especially for staff approaching age 65.</p>   | <p>Complete as of previous status update</p> | <p>N/A</p>        | <p>N/A</p>       |
|              | <p>4.10.3<br/>Management should finalize the SOP for overpayment collections.</p>  | <p>Complete as of previous status update</p> | <p>N/A</p>        | <p>N/A</p>       |

| Audit Report | Recommendation  | Management response   | Original due date | Current due date |
|--------------|---|---|-------------------|------------------|
|              | <p>4.10.4<br/>Management should consider using, as defined in the SOP, collection agencies on vendor of record at the Region within Court Services.</p>   | <p>Complete as of previous status update</p>  | <p>N/A</p>        | <p>N/A</p>       |
|              | <p>4.10.5<br/>Management should develop a formal policy on recovery of identified overpayments and work with Legal Services to explore opportunities to terminate employees for nonpayment.</p> | <p>With the Overpayment Policy complete and shared, a meeting occurred in Q1 (Feb 2023) with Legal and Audit to discuss the options to collect monies that are outstanding.</p> <p>We are continuing to work with Legal Services unto Q3.</p> | <p>Q2 2022</p>    | <p>Q4 2023</p>   |
|              | <p>4.10.6<br/>Management should review the current overpayments and work with Finance to resolve the status of uncollectible accounts.</p>  | <p>This work is contingent on the Legal advice and guidance provided on the recovery processes, as led by Legal (see notes for 4.10.5)</p>  | <p>Q2 2022</p>    | <p>Q4 2023</p>   |

| Audit Report                                | Recommendation   | Management response  | Original due date | Current due date |
|---|--|--|-------------------|------------------|
| <b>CS – Handling of Private Information</b> | <b>4.3.1</b> Management should also consider including server information when updating the Personal Information Bank to easily identify the location and access rights to specific personal information. This would create a more complete repository of information, as well as assist the Region in a quick response in the event of a cyber breach.  | Work has commenced on the development of communication plan to solicit information from stakeholders across the Region and the project remains on track to meet the anticipated due date.  | Q2 2023           | Q2 2023          |
|   | <b>4.4.1</b> Management should implement a list of formal inquiries that must be documented for each acquisition through the CRIT process to provide a consistent standard to the privacy assessment for all acquisitions.   | Work expected to start by May 15, 2023 and staff remain on track to meet the anticipated due date.   | Q3 2023           | Q3 2023          |
|   | <b>4.6.1</b> Due to the high-risk nature of handling of private information, Management should consider requiring a refresher course for employees on an annual basis reflecting the latest roles, responsibilities and best practices outlined in the Policy.<br><b>4.6.2</b> As noted in Observation 4.1, the Corporate Privacy Policy requires update; accordingly, existing employees may not receive training on the new policy under the current training regimen.<br><b>4.6.3</b> Management should consider implementing increased awareness materials into the training program regarding the risks and implications of the internal sharing of | Review is underway of the existing privacy training module and scoping work to integrate the new Corporate Privacy Policy. Consultations are being conducted regarding the provision of annual refresher training and additional materials to guide staff in the event of a privacy breach. The project remains on track to meet the anticipated due date. | Q4 2023           | Q4 2023          |

| Audit Report | Recommendation   | Management response | Original due date | Current due date |
|--------------|--|---------------------|-------------------|------------------|
|              | <p>personal and sensitive information. Training materials should encourage employees to remove sensitive information to meet the minimum requirements when sharing information internally.</p> <p><b>4.6.4</b> To address the concerns of legacy access provided to systems implemented before the CRIT process, training materials for management should include a recommendation that Managers periodically review access rights to the systems in which they are responsible for.</p> |                     |                   |                  |

| Audit Report                       | Recommendation  | Management Response   | Original due date | Current due date |
|------------------------------------|---|---|-------------------|------------------|
| <b>PW – Water Services Billing</b> | <b>4.1</b> The Region applies late payment interest charges as allowed by the water services bylaws to recover opportunity costs associated with the late payments. | <p><i>4.1.1 Original Management Response:</i><br/> <i>We have a strong partnership with local municipalities to deliver water and wastewater services. Majority of the municipalities make payment in a timely manner. Many of the local municipalities have their own internal processes that mandate individual processing times. Feasibility of 15-day payment period may not be reasonable and would propose a 30-day payment period and interest charged after the 30 days.</i></p> <p><b>Status as at March 31, 2023:</b><br/>           (PW) Most recent bylaw passed March 23, 2023 stipulates 15 days. A revised, shorter timeline will be considered in 2024 as part of the bylaw update process.</p> | Q1 2024           | Q1 2024          |
|                                    |   | <p><i>4.1.2 Original Management Response:</i><br/> <i>Staff will work with Corporate Finance to evaluate the feasibility of current financial systems to support the issuance, tracking and collections of interest by Q4 2023.</i></p> <p><b>Status as at March 31, 2023:</b><br/>           (FIN) Discussions underway. Feasibility and options under review. On track.<br/>           (PW) Discussions with Public Works and Corporate Finance staff underway to evaluate feasibility and develop next steps.</p>  | Q4 2023           | Q4 2023          |

| Audit Report | Recommendation  | Management Response  | Original due date | Current due date |
|--------------|---|--|-------------------|------------------|
|              |   | <p><i>4.1.3 Original Management Response:</i><br/>Staff will work with local municipalities to finalize service level agreements which will cover interest payments within the agreements by Q4 2024.</p> <p><b>Status as at March 31, 2023:</b><br/>Preliminary planning for local municipal workshops underway in support of developing service level agreements.</p>                | Q4 2024           | Q4 2024          |
|              |   | <p><i>4.1.4 Original Management Response:</i><br/>Depending on the outcome of item 4.2, staff will revise the current bylaw to reflect the collection period Q1 2024.</p> <p><b>Status as at March 31, 2023:</b><br/>(PW) By-laws get approved in March on an annual basis. Next update will be March 2024 and interest collection period would be included in this by-law update.</p> | Q1 2024           | Q1 2024          |
|              | <p><b>4.2</b> The Region establish a service level agreement and dispute resolution process with all local municipalities to better formalize roles and responsibilities of the Region and the local municipalities in water distribution and wastewater collection as part of integrated service delivery.</p> | <p><i>4.2 Original Management Response:</i><br/>Agreed – staff will complete by Q4 2024.</p> <p><b>Status as at March 31, 2023:</b><br/>(PW) Public Works staff will work with local municipalities through facilitated workshops to develop Service Level Agreement and dispute mechanism. Scope of work related to 4.1.3 has been developed. Currently one Service Level</p>         | Q4 2024           | Q4 2025          |

| Audit Report | Recommendation  | Management Response  | Original due date | Current due date |
|--------------|---|--|-------------------|------------------|
|              |   | <p>Agreement is in place with the Town of Newmarket and one in final draft with the Township of King regarding Schomberg Water System (anticipated to be signed off by end of Q2).</p>   |                   |                  |
|              | <p><b>4.3</b> Management consider the upcoming digital enhancements to set goals for reducing the time and resources needed to create water services billings to local municipalities.</p>  | <p><i>4.3 Original Management Response:</i><br/>As noted, York Region has longer processing times, given water is purchased from neighboring Toronto and Peel, requiring time to acquire data from our service providers, which is then billed to the local municipalities. Work is already underway to digitize the process and anticipate improvements by Q4 2024.</p> <p><b>Status as at March 31, 2023:</b><br/>(PW) Billing portal implemented to provide access to monthly billed volumes. Implemented with 3 of 9 municipalities- Vaughan, Markham and Richmond Hill. All municipalities will have access by the end of Q2 2023.<br/>(PW) Tabular model and digital dashboard in Development.</p> | Q4 2024           | Q4 2024          |
|              | <p><b>4.4</b> To help ensure accurate and up-to-date information is provided to users of the policy, Finance should:</p> <ul style="list-style-type: none"> <li>a) Review and update the Policy where updates are required.</li> <li>b) Update the link to the most current Delegation Bylaw.</li> <li>c) Finalize the Guidelines, taking into consideration any changes made to the Policy.</li> </ul> | <p><i>4.4 Original Management Response:</i><br/>Corporate Finance will work to update the Collection of Accounts Policy and related Guideline by Q4 2023.</p> <p><b>Status as at March 31, 2023:</b><br/>(FIN) Review of Collection of Accounts Policy and related guideline is underway and progressing. On track.</p>  | Q4 2023           | Q4 2023          |

| Audit Report                     | Recommendation   | Management response   | Original due date | Current due date |
|----------------------------------|--|---|-------------------|------------------|
| <b>FIN – Development Charges</b> | <p><b>4.1</b> Management should consider implementing an audit verification process to ensure DCs collected are complete and accurate. In the absence of a centralized software system, management could implement a periodic review of DC payments.</p>   | <p>Management has been collaborating with local municipal staff to ensure that the information provided to the Region will be complete, accurate and consistent until such time as YorkTrax becomes available. Staff have prepared a template of the information that is required which will be provided along with a formal letter on this matter by the Treasury Office within the Q2 time period. This will be coupled with periodic qualitative reviews of DC payment controls during the year.</p> | Q2 2023           | Q2 2023          |
|                                  | <p><b>4.2</b> Management should consider investing in an applicable automated centralized software that could track DC related data and provide real time reporting to both the locals and Region.</p> <p>Opportunities to coordinate with the locals on an integrated software system should be considered to increase efficiencies and provide better management oversight on completeness of DC’s calculated.</p> | <p>No update at this time, however the ability to implement a new software solution is dependent on both budget and IT resource availability. Through the Finance Forward initiative various options are being considered.</p>  | Q4 2024           | Q4 2024          |
|                                  | <p><b>4.3</b> Management should formally document DC related procedures, roles, and responsibilities.</p>  | <p>On track to implement by Q3 2023. A first draft of this manual has been prepared and discussed with local staff.</p>   | Q3 2023           | Q3 2023          |