

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 24, 2015

Item 2, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on March 24, 2015, as follows:

By approving that an update be provided to the Finance, Administration and Audit Committee in June 2015 regarding the implementation of the recommendations noted in the benchmark audit.

**2 INTERNAL AUDIT REPORT – MTO DRIVER CERTIFICATION PROGRAM BENCHMARK
AUDIT – VAUGHAN FIRE AND RESCUE SERVICE**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Director of Internal Audit, dated March 9, 2015:

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the MTO Driver Certification Program Benchmark Audit – Vaughan Fire and Rescue Service be received.

Contribution to Sustainability

Internal Audit activities and reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the effective delivery of services and programs are effective. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the MTO Driver Certification Program Benchmark Audit – Vaughan Fire and Rescue Service and to provide an evaluation of operational and process controls, as well as opportunities for improvement.

Background - Analysis and Options

This benchmark audit was conducted to evaluate Vaughan Fire and Rescue Service's compliance with the Ministry of Transportation's Driver Certification Program Policy.

As of January 2nd, 2014 annual compliance audits are mandatory under the MTO's revised Driver Certification Program Policy. Organizations are now responsible for sourcing their own internal or external audit resources; however, the audits must be performed using the MTO's audit program. The initial 2014 audit is intended to be used by both the MTO and participating organizations as a benchmark in evaluating the MTO's audit program and methodology and overall organizational readiness for full compliance audits to begin in 2015.

The 2014 benchmark audit was conducted by Internal Audit at the request of Vaughan Fire and Rescue Service.

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Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

Regional Implications

Not applicable.

Conclusion

The audit did not find any evidence of non-compliance with MTO policy for the period under review. The Audit did, however, identify opportunities to improve controls by:

- Improving management oversight to ensure that all files are complete.
- Improving the timeliness and efficiency of communications with the Ministry of Transportation by setting up an online account on the Driver Certification Program System.
- Implementing a centralized process to track and report training course details and attendance.

Attachment

1. Internal Audit Report – MTO Driver Certification Program Benchmark Audit – Vaughan Fire and Rescue Service

Report prepared by:

Catherine Atkari, CIA, CFE
Internal Audit Coordinator

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

**INTERNAL AUDIT REPORT – MTO DRIVER CERTIFICATION PROGRAM BENCHMARK
AUDIT – VAUGHAN FIRE AND RESCUE SERVICE**

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Report prepared by:

Catherine Atkari, CIA, CFE
Internal Audit Coordinator

Respectfully submitted,

Paul Wallis, CPA, CMA, CIA, CISA, CRMA
Director Internal Audit



INTERNAL AUDIT REPORT

MTO Driver Certification Program Benchmark Audit – Vaughan Fire and Rescue Service

February 2015

INTERNAL AUDIT REPORT

AUDIT OF MTO DRIVER CERTIFICATION PROGRAM - VFRS

CONCLUSION AND SUMMARY

We did not find any evidence of non-compliance with the Ministry of Transportation's Driver Certification Program (DCP) Policy for the period under review. We did, however, identify opportunities to improve controls in the administration of the Program by:

- Improving management oversight to ensure that all files are complete.
- Improving the timeliness and efficiency of communications with the Ministry of Transportation by setting up an online account on the DCP System.
- Implementing a centralized process to track and report training course details and attendance.

Driver Certification Program (DCP) Policy requires that participating organizations maintain individual driver files, as well as a higher level master file that includes the Ministry agreement, approved training plans, driving routes, and information regarding instructors and administrators. Key documents are being kept on file by Vaughan Fire and Rescue Service and were available for review; however, management oversight should be improved to ensure that all documents are filed on time and are appropriately labeled and dated prior to filing. Evidence of Ministry approvals for all Program related material and all criminal record searches should be included in the master file. Driver files should include any accident reports involving vehicles operated by VFRS drivers. Implementing these measures will better support compliance with DCP Policy.

The Ministry of Transportation recently introduced the DCP System, an online resource for Driver Certification Program participants. This system allows participants to file required reports electronically. Authorized users may also obtain Program information and updates as they are made available on the system by the Ministry. At the start of audit, Vaughan Fire and Rescue Service had not registered its administrators or instructors on the DCP System. As a result, monthly reports that were prepared by instructors were not being sent to the Ministry in a timely manner. The process has now been initiated to register Vaughan Fire and Rescue Service as users on the DCP System. Going forward, management should ensure that all required reports are filed on time with the Ministry, and regular checks are done of the DCP System for any updates or notices issued by the Ministry to mitigate the risk of non-compliance with the Policy.

As part of the DCP Program, the City has to maintain logs of training courses and attendance, and ensure that drivers have undergone sufficient training prior to testing. Establishing a centralized database with all training course data will improve the efficiency and effectiveness of the training and administration processes. In addition, implementing an attendance sign-in sheet for all training courses and ensuring that these are maintained on file will help mitigate the risk of non-compliance with the Policy.

BACKGROUND

Vaughan Fire and Rescue Service (VFRS) is enrolled in the Driver Certification Program, which allows designated staff to train and test its drivers on behalf of the Ministry of Transportation. Prior to 2014, participating organizations, including municipalities, were subject to periodic limited-scope compliance inspections conducted by the Ministry. As of January 2nd, 2014 all participating organizations are required to arrange for an independent, comprehensive audit

INTERNAL AUDIT REPORT

AUDIT OF MTO DRIVER CERTIFICATION PROGRAM - VFRS

using an audit program and reporting form prepared by the Ministry. Internal Audit received approval from the MTO to do the audit and, going forward, will perform all DCP related audit work.

To launch the new oversight format, the Ministry introduced a benchmark compliance audit to be completed by all participating organizations in 2014. This benchmark audit is intended to help organizations transition to the full, independent compliance audits that will begin in 2015. Organizations are encouraged to use the benchmark audit as an opportunity to increase awareness of Program criteria, improve communications with the Ministry, and prepare for the full compliance audit currently scheduled for October 2015.

OBJECTIVES AND SCOPE

The objective of the benchmark audit was to assess the Vaughan Fire and Rescue Service (VFRS) Driver Certification Program for compliance with MTO Policy. The audit was performed using the MTO audit program, which focused on Program administration, instructor qualifications, vehicles and premises used in training, and records maintenance. The audit approach included interviews with staff and management, inspection of documents and training premises, and a review of processes.

The Audit Scope included training and testing provided under the VFRS Driver Certification Program for the period beginning November 1, 2013 through October 31, 2014.

Auditor and Author: Catherine Atkari CIA, CFE

Director: Paul Wallis CPA, CMA, CIA, CISA, CRMA

INTERNAL AUDIT REPORT

AUDIT OF MTO DRIVER CERTIFICATION PROGRAM - VFRS

DETAILED REPORT

1. *Maintain Complete Driver and Master Files*

Driver Certification Program (DCP) Policy requires that participants maintain individual driver files for those employees who have been trained and/or tested under the Program. In addition, participants must maintain a Program master file containing high level documents, such as the contract with the Ministry, the approved training curriculum, and satisfactory criminal record searches for instructors and administrators.

Due to recent unanticipated changes in the administration of the Program at Vaughan Fire and Rescue Service, responsibility for the driver and master files had not been officially assigned. While the audit did not find any evidence of missing documents, some documents were not clearly labeled or dated, and some documents were located outside of the Program files. Although accident reports are being sent to HR Health and Safety, there is no process in place to ensure they are filed in the corresponding driver file per DCP Policy. In addition, driver test sheets are not always signed or dated by the instructor.

Ensuring that all required documents are complete and filed timely may mitigate the risk of incomplete records and DCP Policy non-compliance.

Recommendations

We recommend that Vaughan Fire and Rescue Service management:

- Formally assign responsibility for oversight of the Program files to a senior VFRS official.
- Ensure Program files are complete with all required documentation, including up to date criminal record searches for Program instructors and administrators, in accordance with the Policy.

Management Action Plan

Management agrees with the audit recommendations.

- Responsibility for oversight of Program files has been formally assigned to the Chief Training Officer.

Expected completion date: February 2015

- VFRS will ensure that all files pertaining to MTO are complete with all required documentation and stored in a secure location in accordance with MTO Policy.

Expected completion date: March 2015

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2. Reporting to Ministry of Transportation

Driver Certification Program (DCP) participants are required to report all training and testing activity to the Ministry of Transportation through the on-line DCP System.

Due to recent, unanticipated changes in the administration of the Driver Certification Program at Vaughan Fire and Rescue Service, responsibility for reporting to the Ministry had not been formally assigned as of the start of the audit. In addition, steps had not been taken to register in the on-line DCP System. As a result, monthly driver certification reports that had been completed by VFRS instructors were not being communicated to the Ministry in a timely manner. At the time of the audit, completed driver certification reports for the previous 6-10 month period had not been submitted to the Ministry.

Enrolling in the on-line DCP System and enhancing management oversight will mitigate the risk of non-compliance with DCP reporting requirements and ensure VFRS has access to updated Policy and Program changes.

Recommendations

We recommend that Vaughan Fire and Rescue Service management:

- Ensure that all required information is communicated to the Ministry of Transportation using the on-line DCP System to ensure timely reporting in accordance with DCP Policy.
- Implement a process to ensure that the DCP System is periodically monitored for any updates to the Program and ensure any changes are promptly incorporated into VFRS training and administration.

Management Action Plan

Management agrees with the audit recommendations.

- VFRS management will ensure that all required information is communicated to the Ministry of Transportation using the on-line DCP system.

Expected completion date: Implementation of on-line system starting March 2015

- VFRS management is implementing a process to check for updates to the DCP system quarterly and ensure changes are incorporated into training and administration.

Expected completion date: April 2015

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3. Maintenance of Training Schedules and Attendance

The Ministry of Transportation requires that Driver Certification Program (DCP) participants keep supporting documentation to demonstrate that training has taken place prior to testing of drivers. While Vaughan Fire and Rescue Service has maintained records of training activities, there is no centralized database for DCP training records such as course schedules, course details, and attendance logs.

The absence of a centralized database for training activities and attendance may increase the risk of incomplete or unavailable records and may result in a finding of non-compliance with DCP Policy.

Recommendations

We recommend that Vaughan Fire and Rescue Service management:

- Implement a centralized system to track and report driver training programs and attendance.
- Ensure that evidence of attendance is maintained for each training program, such as an attendance sheet signed or initialed by course participants.

Management Action Plan

Management agrees with the audit recommendations.

- VFRS management is creating a spreadsheet in training to track course attendance on a yearly basis.

Expected completion date: April 2015

- VFRS management is creating an attendance sheet for each course to be signed by all students enrolled in the driver course.

Expected completion date: April 2015