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Item No. 14.1

Halifax Regional Council
July 8, 2025
August 5, 2025

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: June 2, 2025

SUBJECT: Update on Implementation of the HRM Auditor General's Recommendations

INFORMATION REPORT

ORIGIN

April 8, 2025 Regional Council motion (Item 15.5.1):

MOVED by Deputy Mayor Mancini, seconded by Councillor Deagle Gammon

THAT Halifax Regional Council direct the Chief Administrative Officer to provide a staff report on the current status of the 19 recommendations made by the Auditor General as outlined in the following reports:

- June 2024 Review of OS recommendations
- March 2024 Follow up

MOTION PUT AND PASSED UNANIMOUSLY.

EXECUTIVE SUMMARY

During March and June 2024, the municipal Auditor General (AG) released follow-up reviews on 19 recommendations whereby 12 recommendations remained outstanding. The following was concluded for each report:

- 1. March 2024 Follow-up Review – 2022 Audit: Management of Respectful Workplaces**
 - Ten (10) out of 15 recommendations remained outstanding (overall 33% completion rate).
- 2. June 2024 Follow-up Review of Outstanding Recommendations – 2019-20 Audits**
 - Two (2) out of four (4) recommendations reviewed remained outstanding in total.
 - All recommendations (2) for the LED Streetlight Conversion Project were confirmed complete by the AG. Therefore, the completion rate for this audit was 100%.
 - Two (2) recommendations remained outstanding for the Fleet Vehicle Use, Car Allowance and Mileage audit out of 8 recommendations. Therefore, the completion rate for this audit was 75%.

The current statuses for the remaining 12 outstanding recommendations are below:

- During August 2024, the Auditor General's Office confirmed the completion of the remaining two (2) outstanding recommendations related to the Fleet Vehicle Use, Car Allowances and Mileage audit (100% completion rate).
- All 10 outstanding recommendations are complete related to the Management of Respectful Workplaces audit (100% completion rate). However, the AG has not confirmed that outstanding recommendations are complete.

For 2024/25, the percentage of recommendations implemented after 18 months is 43% for all AG audits (including in-camera recommendations); however, for audits of municipal business units only, the completion rate is 71% (up from 51% in 2023/24).

BACKGROUND

During March and June 2024, the municipal Auditor General (AG) released these follow-up review reports:

1. **March 2024 Follow-up Review – 2022 Audit: Management of Respectful Workplaces** - The original audit report was released in June 2022 and provided 15 recommendations. The March 2024 Follow-up Review was the first follow-up review (typically done at an 18-month interval) and concluded that 10 out of the 15 recommendations remained outstanding (33% overall completion rate).
2. **June 2024 Follow-up Review of Outstanding Recommendations – 2019-20 Audits**
 - a. **LED Streetlight Conversion Project (2019)** – The original audit report was released in November 2019 and provided two (2) recommendations.
 - A first follow-up review was done in April 2022 whereby the AG concluded both recommendations remained outstanding.
 - The June 2024 Follow-up Review was the second follow-up review and concluded that both (2) outstanding recommendations were complete (100% overall completion rate).
 - b. **Fleet Vehicle Use, Car Allowances and Mileage (2020)** – The original audit report was released in March 2020 and provided eight (8) recommendations.
 - A first follow-up review was done in April 2022 whereby the AG concluded two (2) out of eight (8) recommendations remained outstanding.
 - The June 2024 Follow-up Review was the second follow-up review and concluded that both (2) outstanding recommendations remained outstanding (75% overall completion rate).

DISCUSSION

As per direction received from the Chief Administrative Officer, a process was developed to track and monitor corporate progress towards implementing the AG's recommendations. Business Units track progress using an internal database and a corporate progress report is developed semi-annually and sent to municipal executive leadership to provide an overview of performance and trends.

The following table provides an update on the status of AG recommendations that were outstanding in the identified reports:

Audit Title	Recommendations				
	Total Number	Number of Outstanding in Follow-up Report	Current Number of Outstanding	Current Completion Rate	Validated by AG?
LED Streetlight Conversion Project	2	0	0	100%	YES
Fleet Vehicle Use, Car Allowances and Mileage	2	2	0	100%	YES
Management of Respectful Workplaces	15	10	0	100%	NO
TOTAL:	19	12	0	100%	

The LED Streetlight Conversion Project Follow-up Review confirmed that the municipal administration had successfully completed outstanding recommendations.

During August 2024, the Auditor General’s Office confirmed the completion of two (2) outstanding recommendations related to the Fleet Vehicle Use, Car Allowances and Mileage audit.

As shown in the table above, Human Resources considers the AG’s recommendations on the Management of Respectful Workplaces complete. However, in the absence of clear success criteria for recommendations, the AG may assess completion differently. This highlights an opportunity for the AG and municipal administration to work together to define success criteria and ensure alignment between the intent of the recommendations and municipal administration’s resulting actions.

Since fiscal year (FY) 2020-21, the percentage of public recommendations that have been implemented at each follow-up interval for audits are as follows:

Measure	2020/21	2021/22	2022/23	2023/24	2024/25
% recommendations implemented after 18 months – All audits	89%	63%	69%	51%	43%
% recommendations implemented after 18 months – Municipal Business Unit audits	89%	63%	69%	51%	71%
% of all recommendations implemented at Follow-up Review of Outstanding Recommendations¹ – All audits	-	-	98%	74%	88%

Overall, the AG has reported a downward trend of the percentage of recommendations implemented after 18 months since 2020/21. In 2024/25, due to the higher number of outstanding recommendations related to the Halifax Water: SCADA System audit, the percentage of recommendations implemented after 18 months is 43% (including in-camera recommendations). However, in 2024/25 the recommendation completion rate related to municipal business units has increased to 71% compared to 51% in 2023/24.

One item to note is that the completion rate only captures recommendations that are confirmed as complete by the AG. The figures above do not provide information on the overall progress of recommendations including recommendations that have demonstrated substantial progress (e.g. a recommendation that is estimated at 95% complete).

¹ A Follow-up Review of Outstanding Recommendations is typically done after three (3) years from the initial audit release date. There were no Follow-up Review on Outstanding Recommendations reports released between FY2019/20 - FY2021/22.

Attachment 1 provides a summary of the status of publicly available outstanding recommendations for audits since 2017. This includes the total number of outstanding recommendations by audit, the number considered complete per the Auditor General, and the number considered complete per the business unit accountable for delivering on the recommendation. For most audits, municipal business units have completed or consider recommendations complete prior to a follow up confirmation from the AG. This reflects that there is ongoing work on recommendations that occurs between audit release and follow-ups that may not be captured in current reporting.

For this reason, there are opportunities to strengthen reporting and enable more proactive oversight by providing regular status updates to Council.

FINANCIAL IMPLICATIONS

There are no financial implications related to this report.

COMMUNITY ENGAGEMENT

No community engagement was required.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, c. 39, S.N.S. 2008, as amended

Council and Chief Administrative Officer relationship

- 34 (1) The Chief Administrative Officer is the head of the administrative branch of the government of the Municipality and is responsible to the Council for the proper administration of the affairs of the Municipality in accordance with the by-laws of the Municipality and the policies adopted by the Council
- (3) The Council shall provide direction on the administration, plans, policies and programs of the Municipality to the Chief Administrative Officer.

ATTACHMENTS

Attachment 1 – Status of Outstanding Auditor General Recommendations (as of April 2025)

Attachment 1: Status of Outstanding Auditor General Recommendations as of April 2025

The following table outlines the status of Auditor General (AG) recommendations as of April 2025 that may have not been verified as complete by the AG. **These are limited to publicly available recommendations** and therefore do not include in-camera recommendations.

*Complete (and percentage complete) April 2025 statuses are based on internal reporting from municipal business units and have not all been confirmed as complete by the AG.

Audit Title	Month/ Year Released	Number of Recommendations			% Complete April 2025
		Total	Complete as per AG	*Complete April 2025	
Management of Surplus Buildings and Land	Nov-17	8	7	8	100%
Payroll Management	May-19	9	6	9	100%
Road and Sidewalk Asset Management	Jun-19	10	8	10	100%
Halifax Regional Police Information Technology	Feb-21	12	11	11	92%
Management of Accounts Payable	Apr-21	4	3	4	100%
Transit Technology Project Management	Apr-21	4	2	4	100%

Audit Title	Month/ Year Released	Number of Recommendations			% Complete April 2025
		Total	Complete as per AG	*Complete April 2025	
Management of the Fire Inspection Program	Sep-21	14	8	9	64%
Management of Respectful Workplaces	Jun-22	15	5	15	100%
Corporate Real Estate and Sale of Industrial Lands, Land and Building Acquisition and Disposal	Dec-22	7	5	5	71%
Halifax Water: SCADA System	Mar-23	21	10	10	48%
Management of Cybersecurity	Aug-23	16	N/A	15	94%
Management of Hiring Practices	Mar-24	17	N/A	9	53%
Management of Business Continuity	Jul-24	10	N/A	4	40%
Enterprise Risk Management	Jul-24	14	N/A	0	0%
Diversity & Inclusion Audit	Dec-24	8	N/A	No update	

N/A – Not available as Auditor General has not yet completed a follow-up audit.