

Staff Report



Chief Administrator's Office

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REPORT TO: Audit Committee

DATE OF MEETING: December 11, 2023

SUBMITTED BY: Corina Tasker, Internal Auditor, 519-741-2200 ext. 7361

PREPARED BY: Corina Tasker, Internal Auditor, 519-741-2200 ext. 7361

WARD(S) INVOLVED: All

DATE OF REPORT: November 21, 2023

REPORT NO.: CAO-2023-527

SUBJECT: 2024 Internal Audit Work Plan

RECOMMENDATION:

That the 2024 Internal Audit work plan be approved as outlined in report CAO-2023-527.

REPORT HIGHLIGHTS:

- The purpose of this report is to outline the proposed assurance and consulting activities to be conducted by the Internal Auditor in 2024.
- The work plan consists of five assurance/compliance audits, five status updates, and four consulting engagements.
- There are no financial implications.
- Community engagement included this report posted to the city's website with the agenda in advance of the council / committee meeting.
- This report supports the delivery of core services.

BACKGROUND:

Internal Audit Goal

The overarching goal of internal audit is **to protect the City's assets and interests**. This includes, but is not limited to, protecting the long-term health of the organization, its financial and physical assets, its reputation, its ability to perform critical services and the safety and well-being of employees and citizens.

Internal Audit Services

To fulfill the above goal, the internal auditor provides two types of service in accordance with the Institute of Internal Auditors definitions:

Assurance services – which involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter; and

Consulting services – which are advisory in nature and are generally performed at the specific request of an engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Internal Audit Work plan

The **assurance services** included on the internal audit work plan outlined in this report consists of topics that have been independently selected by the internal auditor. These topics fall broadly into one of three categories:

- 1) Physical assets – such as physical inventory counts
- 2) Financial resources – such as expense audits
- 3) Policy compliance – such as hiring transparency

This annual plan consists of compliance and controls audits, confidential investigations, and any other independent analysis as required. Standard assurance audit topics which are common to most organizations or other municipalities are included in a recurring 6-year plan. Other assurance topics are added as required related to emerging risks, tips, or other audit findings.

The internal auditor will also provide **consulting services** related to process reviews, capacity analysis, organizational structure analysis, risk assessments and value for money analysis as the need arises. These services are provided to aid staff in continuous improvement in the design and delivery of City services. These types of reviews are requested by divisional management, or by Council through discussions with the CAO.

Audit reports on each work plan item will be presented to Audit Committee as completed.

REPORT:

2024 Internal Audit Work Plan

Audit Committee is asked to approve the 2024 Internal Audit work plan shown below as per the Audit Committee terms of reference.

Assurance Services:

Audit Topic	Type of Audit
Hiring Transparency & Nepotism	Compliance
Physical Inventory	Count verification
Deposits	Controls
Fire Life Safety	Compliance
Taxable Benefit Exemption for Employer Paid Parking	Compliance
Parking & Mileage Expenses	Status update
Technology Field Assets	Status update
Underground Locate Services	Status update
Petty Cash & Floats	Status update
Accounting & Payroll	Status update
Confidential Investigations	As required

Consulting Services:

Topic	Type of Analysis
INS Training Documentation	Process Review
Construction Contractor Management	Gap Analysis
Bylaw Enforcement	Organizational structure / Roles
Corporate Security	Organizational structure / Service levels

Definitions

Capacity Analysis – An analysis of current and future demand for service compared to resourcing capacity.

Compliance audit - A test to determine if staff is following all rules, regulations and policies associated with the service.

Confidential Investigations – Investigating staff or public complaints about any alleged staff misconduct including, but not limited to, fraud, theft, or inappropriate behaviour.

Controls audit - An analysis and test of control points within a process to ensure that fraudulent activity can be eliminated or mitigated.

Count Verification – Sampling physical inventory counts to verify the accuracy of staff physical inventory counts.

Gap Analysis – Comparing current practices with best practices to determine where improvement is possible.

Organizational Structure – Analyzing organizational structure options to best support business objectives.

Process review – A review of process steps using Lean methodologies to eliminate waste and improve the process efficiency and effectiveness.

Roles and responsibilities – An analysis to determine optimal breakdown of work between related staff roles.

Status update – A check-in on the status of recommendations and benefits achieved from previous audits or reviews.

Service Levels – An analysis of current and desired service levels and associated resourcing and costs to achieve objectives.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

Capital Budget – The recommendation has no impact on the Capital Budget.

Operating Budget – The recommendation has no impact on the Operating Budget.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

There are no previous reports/authorities related to this matter.

APPROVED BY: Dan Chapman, CAO

ATTACHMENTS: none