

**CITY OF VAUGHAN  
AUDIT COMMITTEE  
AGENDA**

**This is an Electronic Meeting.**

**Monday, January 24, 2022**

**10:00 a.m.**

**Electronic Meeting**

**Vaughan City Hall**

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	<b>Pages</b>
<b>1. CONFIRMATION OF AGENDA</b>	
<b>2. DISCLOSURE OF INTEREST</b>	
<b>3. COMMUNICATIONS</b>	
<b>4. DETERMINATION OF ITEMS REQUIRING SEPARATE DISCUSSION INCLUDING MEMBERS RESOLUTION(S)</b>	
1. 2021 EXTERNAL QUALITY ASSESSMENT RESULTS Report of the Director of Internal Audit with respect to the above.	2
2. 2022 INTERNAL AUDIT RISK BASED WORK PLAN Report of the Director of Internal Audit with respect to the above.	38
<b>5. ADOPTION OF ITEMS NOT REQUIRING SEPARATE DISCUSSION</b>	
<b>6. CONSIDERATION OF ITEMS REQUIRING SEPARATE DISCUSSION</b>	
<b>7. NEW BUSINESS</b>	
<b>8. ADJOURNMENT</b>	

# Audit Committee Report

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**DATE:** Monday, January 24, 2022

**WARD(S):** ALL

**TITLE:** 2021 EXTERNAL QUALITY ASSESSMENT RESULTS

**FROM:**

Kevin Shapiro, Director of Internal Audit

**ACTION:** FOR INFORMATION

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**Purpose**

To present the results of the 2021 External Quality Assessment of the City's Internal Audit Department.

**Report Highlights**

- The International Standards for the Professional Practice of Internal Auditing (*Standards*) requires that an external quality assessment of the internal audit activity be conducted at least once every five years.
- The external quality assessment evaluated whether Internal Audit is in conformance with the Institute of Internal Auditor's (IIA) Standards and Code of Ethics.
- On January 25<sup>th</sup>, 2021, the Audit Committee approved that the external assessment be conducted by the IIA using the self-assessment with independent external validation approach.
- The self-assessment results indicate the City of Vaughan's Internal Audit activity is in conformance with the IIA's *Standards* and Code of Ethics and the IIA's independent validation concurred with the self-assessment results.
- Internal Audit received the top rating achievable which is Generally Conforms. Generally Conforms demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.
- The self-assessment highlights successful internal audit practices and identifies opportunities for improvements.
- Based on the results, the next external assessment will be conducted in 2026.

## **Recommendations**

1. That the report of the results of the 2021 External Quality Assessment of the City's Internal Audit Department be received.

## **Background**

As part of conformance to the IIA *Standards* and the City's Internal Audit Policy, the Director of Internal Audit is responsible for developing and maintaining a quality assurance and improvement program that covers all aspects of the internal audit activity. It is designed to enable an evaluation of the internal audit activity's conformance with the IIA *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The quality assurance and improvement program must include both internal and external assessments.

Internal assessments are conducted by the Director of Internal Audit and are an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the *Standards*.

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. On January 25<sup>th</sup>, 2021, the Audit Committee approved that the external assessment be conducted by the IIA using the self-assessment with independent external validation approach.

Internal Audit's self-assessment team used the IIA's Quality Assessment Manual for Internal Audit Activity to gather information to support the assessment of Internal Audit Governance, Internal Audit Staff, Internal Audit Management, and the Internal Audit Process. Internal Audit also evaluated the effectiveness in carrying out its mission, identified successful internal audit practices, and identified opportunities for improvement. The external assessor used the information provided as a reference point for further analysis. This information was viewed in conjunction with other data, such as stakeholder survey results, interviews, and benchmarking to gain a holistic view of the City's Internal Audit department.

## **Previous Reports/Authority**

[External Quality Assessment Procurement Award](#)

## **Analysis and Options**

The self-assessment results indicate the City of Vaughan's Internal Audit department is in conformance with the IIA's Standards and Code of Ethics. Internal Audit received the top rating achievable which is Generally Conforms. Generally Conforms demonstrates a

Item 1

Page 2 of 4

clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.

The IIA's external assessor concurred with the self-assessment results. The external assessor is independent of the organization and has the necessary knowledge and skills to undertake this engagement. The validation conducted virtually between October 25-27, 2021, consisted primarily of a review and testing of the procedures and results of the self-assessment. In addition, the external assessor conducted interviews with the Audit Committee Chair, the City Manager, and four other senior executives of the City. The signed Independent Validation Statement from the IIA is included as Attachment 1.

The objectives, scope, methodology, and summary of observations are included in Attachment 2 – Self-Assessment with Independent Validation. The summary of observations highlights successful internal audit practices that are operating in an effective or efficient manner when compared to the practice of other internal activities. It also contains a couple of opportunities for improvement and the complete list of conformance with individual standards and the Code of Ethics.

As part of the external validation, the IIA conducted a stakeholder survey, which asked 23 questions about Internal Audit's Governance, Staff, Management and Purpose. Surveys were distributed to all Members of Council and the two citizen members on the Audit Committee. All eleven members completed the survey. Surveys were also distributed to fifteen members of management who had recently been part of an Internal Audit engagement. Thirteen responses were received. The stakeholder survey response rates and overall positive responses were above the historical average of similar organizations. 21 out of the 23 questions received higher scores than the industry average. The results are a testament to the positive relationship between Internal Audit, the Audit Committee, Council, and Senior Leadership. The stakeholder survey results are included as Attachment 3.

### **Financial Impact**

Not applicable

### **Broader Regional Impacts/Considerations**

Not applicable

### **Conclusion**

Through the self-assessment and independent external validation process, the City of Vaughan's Internal Audit department has received the top ranking of "Generally Conforms". The internal audit activity is in conformance with the Standards and Code of Ethics. The next external assessment of the internal audit activity will be conducted in 2026.

**For more information**, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

### **Attachments**

1. Attachment 1 – Independent Validation Statement
2. Attachment 2 – Self-Assessment with Independent Validation
3. Attachment 3 – Stakeholder Survey Results
4. Attachment 4 – Presentation Material

### **Prepared by**

Kevin Shapiro, Director of Internal Audit, extension 8293  
Rebecca Burchert, Audit Project Manager, extension 8124

### **Approved by**

A handwritten signature in black ink, appearing to be 'K. Shapiro', with a long horizontal line extending to the right.

Kevin Shapiro, Director of Internal Audit

The Validator was engaged to conduct an independent validation of the City of Vaughan Internal Audit (IA) self-assessment. The primary objective of the validation was to verify the assertions made in the attached quality self-assessment report concerning adequate fulfillment of the organization's basic expectations of the IA activity and its conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)* and Code of Ethics. Other matters that might have been covered in a full independent assessment, such as an in-depth analysis of successful practices, governance, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the Director, Internal Audit.

In acting as Validator, I am fully independent of the organization and have the necessary knowledge and skills to undertake this engagement. The validation conducted virtually October 25-27, 2021, consisted primarily of a review and testing of the procedures and results of the self-assessment. In addition, interviews were conducted with the Audit Committee Chair, the City Manager, and four other senior executives of the city.

I concur fully with the IA activity's conclusions in the self-assessment report attached. Certain of the Successful Internal Audit Practices and Opportunities for Continuous Improvement noted in the report were proposed by the Validator. Implementation of the recommendations contained in the self-assessment report will improve the effectiveness and enhance the value of the IA activity and ensure its general conformance to the *Standards*.



Archie R. Thomas  
CIA, FCPA, FCMA, CFE, C.Dir  
Independent Validator  
IIA Quality Services, LLC



Bill Radish, CISA  
Director, IIA Quality Services  
IIA Quality Services, LLC

# City of Vaughan Internal Audit

**We concur with Internal Audit's self-assessment that they generally conform with the *Standards* and the IIA Code of Ethics.**

**Generally conform is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing**

Governance	
Standard	Rating
1000	GC
1100	GC
1300	GC
Code of Ethics	GC

Staff	
Standard	Rating
1200	GC

Management	
Standard	Rating
2000	GC
2100	GC
2450	GC
2600	GC

Process	
Standard	Rating
2200	GC
2300	GC
2400	GC
2500	GC

Thank you for the opportunity to be of service to Internal Audit. We will be pleased to respond to further questions concerning this report and furnish any desired information.



*Archie R. Thomas*

Archie R Thomas, CIA, FCPA, FCMA, CFE, C.Dir  
Validator  
IIA Quality Services, LLC

*Bill Radish*

Bill Radish, CISA  
Director, IIA Quality Services  
IIA Quality Services, LLC



# INTERNAL AUDIT REPORT

## **Self Assessment with Independent Validation**

**November 2021**

# Independent Validation by Institute of Internal Auditors Quality Services

## Report on Self-Assessment of the City of Vaughan's Internal Audit Activity October 12, 2021

Contents	Page
Background	3
<ul style="list-style-type: none"><li>• Opinion as to Conformance with the <i>Standards</i> and the Code of Ethics</li><li>• Objectives, Scope, and Methodology</li><li>• Summary of Observations</li></ul>	
Successful Internal Audit Practices	7
Gaps to Conformance with the <i>Standards</i> or the Code of Ethics	10
Opportunities for Continuous Improvement	10
Evaluation Summary and Rating Definitions	12

## Background

The *International Standards for the Professional Practice of Internal Auditing* requires that an external quality assessment of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the quality assessment process. The quality assessment can be accomplished through a full external assessment or a self-assessment with independent validation.

The Director, Internal Audit discussed the form and frequency of the quality assessment, as well as the independence and qualifications of the external assessor or assessment team from outside the organization, including any potential conflicts of interest with the Audit Committee. Upon consultation and agreement by the Audit Committee, the Internal Audit department of the City of Vaughan conducted a self-assessment of its Internal Audit activity and selected the Institute of Internal Auditors' (IIA) Quality Services as the qualified, independent external assessor to conduct a validation of the self-assessment of Internal Audit at the City of Vaughan.

The City of Vaughan is located in the Regional Municipality of York with a population of over 335,000. In 2021, the City's budget included an operating budget of \$488.8 million in gross expenditures and capital investments of \$290.8 million to support and advance the Mayor and Member of Council's long-term vision. The City employs approximately 1700 employees and operates more than 100 City-owned properties.

Internal Audit is an independent, objective activity designed to add value and improve the City of Vaughan's operations. Internal Audit reports functionally to Council and administratively to the City Manager.

## Opinion as to Conformance with the *Standards* and the Code of Ethics

**It is our overall opinion that the Internal Audit activity generally conforms with the *Standards* and the Code of Ethics.** A detailed list of conformance with individual standards and the Code of Ethics can be found on page 12.

The IIA's *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three rankings when evaluating the internal audit activity: "Generally Conforms," "Partially Conforms," and "Does Not Conform." The ranking of "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards* and the Code of Ethics. "Partially Conforms" means that deficiencies in practice are noted that are judged to deviate from the *Standards* and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means that deficiencies in practice are judged to deviate from the *Standards* and the Code of Ethics and are significant enough to seriously impair or preclude the internal audit activity from

performing adequately in all or in significant areas of its responsibilities. A detailed description of conformance criteria can be found on page 16.

## **Objectives, Scope, and Methodology**

### **Objectives**

- The objective of the Quality Assessment was to assess Internal Audit's conformance with the Standards and the Code of Ethics.
- Internal Audit also evaluated its effectiveness in carrying out its mission (as set forth in the Internal Audit Policy and expressed in the expectations of Members of Council and the Senior Leadership); identified successful internal audit practices demonstrated by Internal Audit; and identified opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to their stakeholders.
- An external independent assessor validated the results of Internal Audit's self assessment. The main focus was to validate the conclusion of Internal Audit related to conformance with the *Standards* and the Code of Ethics. They also reviewed Internal Audit's observations related to successful internal audit practices and opportunities for continuous improvement. They offered additional observations as they deemed appropriate.

### **Scope**

- The scope of the Quality Assessment included Internal Audit, as set forth in the Internal Audit Policy and approved by the Audit Committee, which defines the purpose, authority, and responsibility of Internal Audit.
- The Quality Self-Assessment was concluded on October 12, 2021 and the validation concluded on October 27, 2021. The self-assessment and validation provide senior management and the Audit Committee with information about Internal Audit as of those dates.
- The Standards and the Code of Ethics in place and effective as of October 12, 2021 were the basis for the Quality Assessment.

### **Methodology**

- Internal Audit compiled and prepared information consistent with the methodology established in the Quality Assessment Manual for the Internal Audit Activity. The manual is an internationally accepted framework for assessing internal audit activities.

- This information included completed and detailed planning guides, together with all supporting documentation; an evaluation summary, documenting all conclusions and observations; and the self-assessment report by Internal Audit.
- Internal Audit identified key stakeholders (Internal Audit staff, Senior Leadership, Council, and the Audit Committee) and sent surveys to each of the individuals identified. The results were tabulated by IIA Quality Services, and IIA Quality Services is to maintain confidentiality in responses. Survey results were shared with Internal Audit during their validation process.
- Prior to commencement of the on-site validation portion of the Internal Audit self-assessment, IIA Quality Services held a preliminary meeting with Internal Audit to discuss the status of preparation of the self-assessment, identification of key stakeholders to be interviewed during the on-site validation, and finalization of logistics related to the Quality Assessment.
- To accomplish the objectives, IIA Quality Services reviewed information prepared by Internal Audit and the conclusions reached in the self-assessment report. IIA Quality Services also conducted interviews with selected key stakeholders, including the Audit Committee Chair, Senior Leadership of the City of Vaughan, and Internal Audit management and staff; reviewed a sample of audit projects and associated workpapers and reports; reviewed survey data received from City of Vaughan stakeholders, and Internal Audit management and staff; and prepared diagnostic tools consistent with the methodology established for a Quality Assessment in the *Quality Assessment Manual for the Internal Audit Activity*.
- The validators prepared an “Independent Validation Statement” to document conclusions related to the validation of Internal Audit’s self-assessment. This statement is included as Attachment 1 in the overall report.

## Summary of Observations

Internal Audit believes that the environment in which we operate is well structured and progressive, where the *Standards* are understood, the Code of Ethics is being applied, and management endeavors to provide useful audit tools and implement appropriate practices. Consequently, our comments and recommendations are intended to build on this foundation.

Observations are divided into three categories:

- **Successful Internal Audit Practices** – Areas where Internal Audit is operating in a particularly effective or efficient manner when compared to the practice of internal auditing demonstrated in other internal audit activities. The identification of these items is intended to provide Internal Audit stakeholders with a view on

things Internal Audit is doing in a leading practice manner when compared to other internal audit activities.

- **Gaps to Conformance** – Internal Audit’s self-assessment requires areas identified where Internal Audit is operating in a manner that falls short of achieving one or more major objectives and attains an opinion of “partially conforms” or “does not conform” with the Standards or the Code of Ethics be reported with recommendations for actions to address the gap. **No gaps to conformance with the Standards or Code of Ethics were identified.**
- **Opportunities for Continuous Improvement** – Observations of opportunities to enhance the efficiency or effectiveness of Internal Audit’s infrastructure and processes. These items do not indicate a lack of conformance with the Standards or the Code of Ethics, but rather offer suggestions on how to better align with criteria defined in the Standards or Code of Ethics. They may also be operational ideas based on the experiences obtained while working with other internal audit activities. A management response and an action plan to address each opportunity noted can be found on page 10.

## Successful Internal Audit Practices

1. Standard 1000 – Purpose, Authority, and Responsibility – The Internal Audit Policy is comprehensive and is consistent with the Mission of Internal Audit and the mandatory elements of The IIA’s International Professional Practices Framework. Especially noteworthy:
  - There is specific language that recognizes the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the *Standards*.
  - The Internal Audit Policy is reviewed annually and updated when changes in the *Standards* become effective.
  - The Internal Audit Policy was revised in 2020 to reflect Internal Audit’s responsibilities concerning fraud (Internal Audit’s role as the administrator of the Anonymous Reporting System), Internal Audit’s involvement in the City’s Enterprise Risk Management activities, and the establishment of Internal Audit’s Quality Assurance and Improvement program.
  - The Internal Audit Policy appropriately establishes the functional and administrative reporting relationship of the Director, Internal Audit, and specifically describes the nature of this functional relationship.
  - The Internal Audit Policy requires the Director, Internal Audit to confirm the organizational independence of Internal Audit to the Audit Committee annually.
  - The Internal Audit Policy describes the responsibility of the Director, Internal Audit to report results of the established Quality Assurance and Improvement program.
2. Standard 1100 – Independence and Objectivity – On the advice of the Director of Internal Audit, Council approved the establishment of an Audit Committee. A formal Terms of Reference and an Audit Committee Charter were developed and approved.
  - In 2019, the Finance, Administration and Audit Committee was merged into the Committee of the Whole. On the advice of the Director of Internal Audit, Council approved the establishment of an Audit Committee.
  - Internal Audit conducted a benchmarking exercise of comparable municipalities, which looked at Audit Committee composition, qualification of members, length of term, and meeting frequency.

- A formal Terms of Reference and an Audit Committee Charter were developed and approved.
  - The first Audit Committee meeting took place on January 25, 2021.
3. Standard 1200 – Proficiency and Due Professional Care – The Internal Audit department has matured over the years by hiring experienced Internal Audit professionals and providing staff with development opportunities.
- Hiring practices and provision of continuing professional development helps ensure engagements are performed with proficiency and due professional care.
  - Internal Auditors possess the knowledge, skills, and other competencies needed to perform their individual responsibilities.
  - Internal Audit staff members' skills and experience ensure Internal Audit has sufficient knowledge to evaluate the risk of fraud and the key Information Technology risks and controls.
  - Internal Auditors demonstrate their proficiency by having appropriate certifications and qualifications.
  - The Director, Internal Audit develops the work plan and budget while considering Internal Audit staff requirement to meet their respective Continuing Professional Education requirements and remain in good standing with their respective professional organizations.
4. Standard 1300 – Quality Assurance and Improvement Program and Standard 2300 – Performing the Engagement – The Quality Assurance and Improvement Program was established in 2017. Each completed engagement is reviewed and evaluated for conformance with the *Standards*.
- The Director, Internal Audit has developed and maintains a Quality Assurance and Improvement program that covers all aspects of the Internal Audit activity.
  - The Quality Assurance and Improvement program is designed to enable the evaluation of the Internal Audit activities conformance with the Standards and whether Internal Audit apply the Code of Ethics.
  - The Quality Assurance and Improvement program assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement.

- The Director, Internal Audit encourages Audit Committee oversight in the Quality Assurance and Improvement program. There is evidence the Director, Internal Audit has communicated Quality Assurance and Improvement program results to Senior Leadership and the Audit Committee.
  - The Quality Assurance and Improvement program has internal and external components, including evidence of on-going and periodic assessments.
  - An annual quality assurance assessment for Internal Audit's activity has been performed since 2017 in preparation for a self-assessment with independent external validation.
  - A quality assurance checklist was developed and has been used to assess each completed engagement since 2017.
5. Standard 2000 – Managing the Internal Audit Activity – Internal Audit has developed a risk-based work plan aligned with the organization's strategies, objectives, and outcomes and key risks. The risk-based work plan incorporates feedback from SLT-E and members of Council.
- Internal Audit's contribution to the City of Vaughan's strategic plan is to provide governance and transparency assurance by performing an enterprise-wide risk assessment and developing an annual risk-based work plan.
  - The enterprise-wide risk assessment includes identification of the audit universe, and input from management and Council.
  - The enterprise-wide risk assessment considers trends and emerging issues which could impact the City.
  - The risk-based work plan approach includes factors such as size of program/function, financial and reputational exposure, and legal/regulatory requirements.
6. Standard 2100 – Nature of Work -- Internal Audit developed the Governance and Accountability Survey which promotes ethics and values within the City. It also fostered an environment where management now considers "soft skill" risks, which had not been something that had previously been strongly considered.
- The Governance and Accountability Survey consists of 25 questions asking respondents to voice their level of agreement to statements related to the City's Purpose, Commitment, Capability, Monitoring and Learning, and Ethics and Value. The survey has been successfully adopted into the Employee Engagement Survey.

7. The Stakeholder Survey Results – The IIA Quality Services shared the survey results with Internal Audit and indicated that the high response rates and overall positive responses were above the historical average of similar organizations. Specifically, responses to 21 of the 23 questions scored higher than average. The results support successful Internal Audit’s activity to add value and improve the organization’s operations. The results are also testament to the positive and evolving relationship between Internal Audit, the Audit Committee, Council, and Senior Leadership. The survey results are included in report as Attachment 3.

## **Gaps to Conformance with the *Standards* or the Code of Ethics**

No gaps to conformance with the *Standards* or Code of Ethics were identified.

## **Opportunities for Continuous Improvement**

1. Standard 1000 – Purpose, Authority, and Responsibility – Although not required by the *Standards*, establishing the nature of the administrative reporting relationship in the Internal Audit Policy is a progressive and contemporary industry practice. Although the reporting relationships are reported annually in the department’s annual report, clearly establishing the two reporting relationships, functionally to Council and administratively to the City Manager in the Internal Audit Policy would provide a clear picture to stakeholders supporting not only the purpose, authority, and responsibility of Internal Audit, but the independence and objectivity.

**IA Response and Action Plan:** The Director of Internal Audit agrees with this opportunity for continuous improvement. During the annual review of the Internal Audit Policy, the Director of Internal Audit will add a definition to the policy defining the difference between functional and administrative reporting.

2. Standard 2000 – Managing the Internal Audit Activity – Add procedures to the Procedure Manual to provide a framework to ensure consistent vendor oversight. Internal Audit has been the sole provider of assurance services for the City of Vaughan. However, recent Internal Auditing engagements have presented opportunities to leverage the expertise of third parties to assist with more technical aspects of Information Technology Audits. For example, in 2021, external consultants were hired to conduct a penetration exercise to test the City’s IT Security. The Internal Audit Procedure Manual indicates that the Director of Internal Audit is required to ensure any outside consultants have the knowledge, independence, and skills necessary to conduct an audit engagement. This is accomplished through the PS-003 Corporate Procurement Policy. Opportunities exist to add a section in our procedures manual to reference this section of the Procurement Policy with respect to oversight over vendor management and performance.

**IA Response and Action Plan:** The Director of Internal Audit agrees with this opportunity for continuous improvement. The Internal Audit Procedure Manual is our operational framework for conformance with the *Standards* and guidelines to follow for best practices. The manual is reviewed annually and will be revised in the first quarter of 2022 to reference the PS-003 Corporate Procurement Policy.

3. Standard 2000 – Managing the Internal Audit Activity – Conduct a strength, weakness, opportunities, and threat (SWOT) analysis on an annual basis. As part of the Office of Transformation and Strategy’s initiative, Internal Audit participated in a SWOT analysis exercise in 2019. The next Corporate-wide SWOT analysis exercise is planned for 2022. As an opportunity for continuous improvement, Internal Audit will conduct a departmental SWOT analysis on an annual basis.

**IA Response and Action Plan:** The Director of Internal Audit agrees with this opportunity for continuous improvement. Internal Audit conducts an Entity-wide Risk Assessment to build the annual risk-based work plan and identify emerging issues. The Internal Audit activity would also benefit from an annual SWOT assessment to optimize the efficiency and effectiveness of Internal Audit activity. SWOT activities will include all Internal Audit staff members and results will be communicated during a monthly staff meeting in the first quarter of 2022.

4. Standard 2200 – Engagement Planning – Ensure the Information Gathering Checklist template is added as a supplemental planning tool.

**IA Response and Action Plan:** The Director, Internal Audit agrees with this opportunity for continuous improvement. The Information Gathering Checklist has already been communicated to the Internal Audit team as a supplemental tool and the Internal Audit Procedures Manual will be updated accordingly.

5. Code of Ethics – In addition to having the Internal Audit group annually sign off on the City’s Employee Code of Conduct and the Code of Ethics for professional memberships, documentation to support this sign off will be retained by the department.

**IA Response and Action Plan:** The Director of Internal Audit agrees with this opportunity for continuous improvement. The requirement to annually review and confirm the Internal Audit Code of Ethics will be included in the next revision of the Internal Audit Procedure Manual. This practice will commence in January 2022.

## Evaluation Summary and Rating Definitions

	GC	PC	DNC
<b>Overall Evaluation</b>	X		

<b>Attribute Standards (1000 through 1300)</b>		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		

1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
1322	Disclosure of Nonconformance	X		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		

2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		

2430	Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		

Code of Ethics		GC	PC	DNC
	Code of Ethics	X		

## Rating Definitions

**GC – “Generally Conforms”** means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

**PC – “Partially Conforms”** means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

**DNC – “Does Not Conform”** means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

CLIENT SURVEY STATISTICAL RESULTS FOR:

Client without CAE

City of Vaughan

Attachment 3

		ACTUAL RESPONSES										TOTAL	-Don't Know	WEIGHTED Client AVG	QA History	Variance		
		4 Strongly Agree		3 Agree		2 Disagree		1 Strongly Disagree		0 Don't Know								
Internal Audit Governance	1.	IA activity personnel respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.		18	75%	5	21%	0	0%	0	0%	1	4%	24	23	3.78	3.68	0.10
	2.	IA activity personnel exhibit the highest level of professional objectivity in performing their work, making a balanced assessment of all relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.		15	63%	8	33%	0	0%	0	0%	1	4%	24	23	3.65	3.44	0.22
	3.	The IA activity is perceived as adding value and helping our organization accomplish its objectives.		13	57%	10	43%	0	0%	0	0%	0	0%	23	23	3.57	3.32	0.24
	4.	The integrity of the IA activity establishes confidence, providing the basis for their role as trusted advisor within our organization.		15	63%	9	38%	0	0%	0	0%	0	0%	24	24	3.63	3.40	0.23
	5.	Organizational placement of the IA activity ensures its independence and ability to fulfill its responsibilities.		12	50%	11	46%	0	0%	0	0%	1	4%	24	23	3.52	3.54	(0.02)
	6.	IA activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.		15	63%	6	25%	0	0%	1	4%	2	8%	24	22	3.59	3.61	(0.02)
Internal Audit Staff	7.	A activity staff and management communicate effectively (oral, written, and presentations).		14	58%	9	38%	0	0%	0	0%	1	4%	24	23	3.61	3.30	0.31
	8.	IA activity staff and management keep up to date with changes in my business, our industry and relevant regulatory issues.		10	42%	12	50%	0	0%	0	0%	2	8%	24	22	3.45	3.18	0.28
	9.	IA activity staff display adequate knowledge of my business processes including critical success factors.		11	46%	13	54%	0	0%	0	0%	0	0%	24	24	3.46	3.10	0.36
	10.	IA activity staff exhibit effective problem identification and solution skills.		16	67%	8	33%	0	0%	0	0%	0	0%	24	24	3.67	3.20	0.47
	11.	IA activity management demonstrate effective conflict resolution and negotiating skills.		8	33%	13	54%	0	0%	0	0%	3	13%	24	21	3.38	3.24	0.15
	12.	The IA activity is viewed as viable source of talented individuals who could successfully transfer to other parts of our organization.		12	50%	8	33%	0	0%	0	0%	4	17%	24	20	3.60	3.15	0.45
Internal Audit Management	13.	Internal audit activity management communicates effectively (oral, written, and presentations).		18	75%	6	25%	0	0%	0	0%	0	0%	24	24	3.75	3.34	0.41
	14.	Internal audit activity management keeps up to date with changes in my business, our industry, and relevant regulatory issues.		13	54%	9	38%	0	0%	0	0%	2	8%	24	22	3.59	3.19	0.40
	15.	The IA activity establishes annual audit plans to assess areas or topics that are significant to our organization and consistent with our organizational goals.		15	63%	9	38%	0	0%	0	0%	0	0%	24	24	3.63	3.41	0.21
	16.	The IA activity sufficiently communicates its audit plans to management of areas being reviewed. This includes descriptions of audit objectives and scope of review.		18	75%	6	25%	0	0%	0	0%	0	0%	24	24	3.75	3.39	0.36
	17.	The IA activity effectively promotes appropriate ethics and values within our organization.		13	54%	10	42%	0	0%	0	0%	1	4%	24	23	3.57	3.53	0.04
	18.	The IA activity adequately assesses the effectiveness of risk management processes employed by management to achieve objectives.		13	54%	10	42%	0	0%	0	0%	1	4%	24	23	3.57	3.29	0.27
Internal Audit Process	19.	The IA activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.		12	50%	12	50%	0	0%	0	0%	0	0%	24	24	3.50	3.34	0.16
	20.	The IA activity exhibits proficient project management and organizational skills to assure the timely completion of their audit engagements.		11	46%	11	46%	1	4%	0	0%	1	4%	24	23	3.43	3.27	0.16
	21.	The IA activity demonstrates sufficient knowledge of key information technology risks and controls in performing its audit engagements.		14	58%	9	38%	0	0%	0	0%	1	4%	24	23	3.61	3.25	0.36
	22.	The IA activity demonstrates sufficient knowledge of fraud to identify “red flags” indicating possible fraud when planning its audit engagements.		13	54%	9	38%	0	0%	0	0%	2	8%	24	22	3.59	3.37	0.22
	23.	IA activity audit reports are accurate, objective, clear, concise, constructive, complete, and timely.		13	54%	11	46%	0	0%	0	0%	0	0%	24	24	3.54	3.26	0.29
TOTAL RESPONSES													551	528	3.58	3.34	0.25	
TOTAL RESPONSES BY CATEGORY		312	56.6%	214	38.8%	1	0.2%	1	0.2%	23	4.2%							

26 = Number of Surveys Sent Out

24 = Number of Surveys Received at IIA

# 2021 External Quality Assessment Results

Audit Committee – January 24, 2022

# Today's Presentation

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- Background
- Objective
- Scope and Methodology
- Conclusion
- Observations
- Next Steps
- Questions

# Background

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- Quality assurance and improvement program
- Includes internal and external assessments
- Audit Committee approved the SAIV approach for the external assessment.

# Objective

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- Assess Internal Audit's conformance with the Standards and the Code of Ethics.
- Evaluation of the effectiveness in carrying out Internal Audit's mission, identified successful internal audit practices and identified opportunities for continuous improvement.

# Assessment Scope & Methodology

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- The Quality Self-Assessment was concluded on October 12, 2021, and the validation concluded on October 27, 2021.
- The Standards and the Code of Ethics in place and effective as of October 12, 2021, were the basis for the Quality Assessment.

# Scope & Methodology (Cont'd)

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- Self assessment report prepared using the methodology established in the IIA's Quality Assessment Manual for the Internal Audit Activity.
- Interviews conducted by the External Assessor
- Survey sent to key stakeholders

# Scope & Methodology

## (Cont'd)

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- External assessor also reviewed a sample of audit projects, reviewed survey data; and prepared diagnostic tools.
- The External assessor prepared an “Independent Validation Statement”

# Conclusion

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Through the self-assessment and independent external validation process, the City of Vaughan's Internal Audit department has received the top ranking of "Generally Conforms".

The internal audit activity is in conformance with the IIA Standards and Code of Ethics.

# Observations

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Observations are divided into three categories:

- Successful Internal Audit Practices
- Gaps to Conformance – No gaps to conformance with the Standards or Code of Ethics were identified.
- Opportunities for Continuous

# Successful Internal Audit Practices

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- Very high survey participation rates
- 21 of the 23 questions scored higher than the IIA's benchmark average.
- Internal Audit adds value and improves the City's operations.

# Next Steps

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- The next external quality assessment of the internal audit activity will be conducted in 2026.



# Questions?

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# Thank You

## Audit Committee Report

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**DATE:** Monday, January 24, 2022

**WARD(S):** ALL

**TITLE: 2022 INTERNAL AUDIT RISK BASED WORK PLAN**

**FROM:**

Kevin Shapiro, Director of Internal Audit

**ACTION:** DECISION

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**Purpose**

To present the 2022 Internal Audit Risk Based Work Plan, for approval.

**Report Highlights**

- The 2022 Internal Audit Risk Based Work Plan was developed using a risk assessment process and information gathered from various sources.
- The work plan is aligned with the 2018 – 2022 Term of Council Service Excellence Strategic Plan.
- The 2022 work plan will remain dynamic and flexible to address emerging risks and issues throughout the year.
- Internal Audit will be able to independently and objectively execute the projects identified in the work plan.

**Recommendations**

1. That the 2022 Internal Audit Risk Based Work Plan be approved.

**Background**

The Internal Audit Department provides independent, objective assurance and consulting activity designed to add value and improve the City's operations. The Department helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance

processes. The department's core responsibilities are to conduct risk based operational and compliance audits and provide advisory services where requested.

According to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and the City's Internal Audit Policy, Internal Audit has a responsibility to develop an audit work plan that reflects the current and emerging risks within the City. The Internal Audit Risk Based Work Plan was developed using a risk assessment process that combined financial, reputational, compliance and operational criteria.

### **Previous Reports/Authority**

Not Applicable

### **Analysis and Options**

The Committee of Sponsoring Organizations (COSO) defines risk assessment as a dynamic and iterative process for identifying and analyzing risks to achieving the entity's objectives, forming a basis for determining how risks should be managed. Management considers possible changes in the external environment and within its own business model that may impede its ability to achieve its objectives. A risk factor is an observable or measurable indicator of conditions or events that could adversely affect the City.

Internal Audit performed an entity wide risk assessment in the summer of 2020 to inform the remainder of this Term of Council audit plan priorities. A total of 77 entities were identified in the City's audit universe, by analyzing budget documentation and by reviewing the City's organizational chart. For some areas, we consolidated entities in order to create efficiencies for the purposes of conducting future audits.

A management survey, which measured strategic, reputational, compliance and operational risks was developed, and completed by either the Director or Manager directly responsible for the entity. The survey contained a total of 21 closed questions and 2 open ended questions. The survey questions were similar to the questions asked in 2018, with the addition of questions related to COVID-19 risk impact on short and long-term objectives, emergency preparedness and third-party risk.

After the completion of the survey, the Director of Internal Audit compared the survey answers to the 2018 results and followed up with management where further explanations were required and to determine whether any of the survey answers needed to be updated.

The Director of Internal Audit met with each member of the Senior Leadership Executive team to revisit these results and identify any emerging risks or areas of potential concern.

In addition to the entity wide risk assessment, other sources were used for determining risk and work plan priorities. These include:

- Discussions with the senior leadership team members
- Insight from Council
- Financial significance
- Current and emerging risks in the local government sector
- High profile issues in other municipalities
- Management requests
- Themes from previous audits and investigations
- Significant change initiatives

***Based on current available resources, a list of priority projects for 2022 has been established***

The general philosophy of the Internal Audit Work Plan is that:

- The work plan is not fixed. The intent is a dynamic plan where new projects can substitute existing projects. The Director of Internal Audit has the authority to substitute projects but advises Council, through the Audit Committee, as to the reasons why.
- The Audit Committee has the authority to request projects that are not on the work plan.
- A limited amount of time is built in to accommodate special management requests.

Additional staff may be required if the risk profile changes significantly or if there is a demand for more audit service. In addition, subject to available funding, some projects can be co-sourced. Co-sourcing is helpful when special skills are required to do technically specific projects such as information technology audits.

Time available to complete the work plan considers statutory holidays, vacations, absences, training and various administrative functions. Direct audit time includes work plan audit projects, administration of the anonymous reporting system, special request audits received throughout the year, and advice and education to audit clients on controls, emerging issues and new corporate initiatives. Direct time also includes audit research, quality assurance and improvement initiatives, the maintenance of the internal audit methodology and audit planning.

Times to complete projects are estimates only and reflect historical experience. Risk based Internal Audits require client participation to identify risks, agree on issues and develop management relevant action plans.

The table below outlines 2022 Internal Audit Risk Based Work Plan projects:

Audit Project	Rationale and Risks	Strategic Plan Area of Focus
<p><b>Development Engineering Audit</b></p>	<p><b>Rationale:</b> Development Engineering staff are responsible for the expeditious review, approval, and inspection and processing of municipal services for land development. Specifically, this includes completing timely engineering review and approval of development applications and engineering submissions related to the construction of new municipal services, such as roads, sewers and watermain, and construction management and inspections for all development projects throughout the city. This enables the City to establish goals and objectives for land development and adhere to them keeping in mind important social issues, environmental, traffic considerations which promote healthy communities.</p> <p><b>Risk:</b> The number of engineering permit applications more than doubled from 2019 to 2020. It is essential that effective management and oversight over the review and issuance of permits is in place to ensure risks related to social, environmental, and traffic related issues are mitigated, thus promoting healthy communities.</p>	<p><b>City Building, Operational Performance and Citizen Experience</b></p>
<p><b>Access Vaughan Audit</b></p>	<p><b>Rationale:</b> Access Vaughan is the contact centre for the City of Vaughan, providing citizens, businesses and visitors access to non-emergency City related information, programs and services. Access Vaughan offers assistance via telephone, email and in person at City Hall. Access Vaughan also offers interpretive services via telephone in over 150 languages. Access Vaughan has successfully launched their work from home program to continue to provide services during the COVID-19 pandemic. Access Vaughan experienced an average call volume increase of 13% in 2020, with some months experiencing an increase as high as 32%. Furthermore, Access Vaughan experienced an 83% increase in email volume in 2020, with July 2020 experiencing a 92% increase from July 2019.</p> <p><b>Risk:</b> Access Vaughan has developed several strategic objectives to provide accurate and timely information to citizens, business and visitors. It is important that these objectives can be met in an efficient and effective manner to ensure satisfaction and excellence in service delivery.</p>	<p><b>Citizen Experience and Operational Performance</b></p>

Audit Project	Rationale and Risks	Strategic Plan Area of Focus
<b>Parks Operations Audit</b>	<p><b>Rationale:</b> The City of Vaughan's Parks Operations department manages more than two hundred parks, and more than 800 hectares of parks and open space land. Amenities include 273 playgrounds, 18 splashpads, 59 tennis facility locations and 130 courts, 10 skate parks, extensive walking trails, 73 basketball courts, 58 baseball diamonds, 150 soccer fields and more. Parks Operations is also responsible for winter maintenance on City walkways and pathways. Trail systems and other naturalized areas are maintained by the City and receive appropriate maintenance to preserve a natural habitat.</p> <p><b>Risk:</b> If parks and open spaces are not properly maintained, this could lead to citizen dissatisfaction and reputational risk. In addition, there are operational, health and safety, liability and financial risks if the delivery of services by staff, contractors and other service providers is not properly managed.</p>	<b>Environmental Stewardship, Operational Performance and Citizen Experience</b>
<b>Property Tax and Assessment Audit</b>	<p><b>Rationale:</b> The Property Tax and Assessment Department prepares and issues property tax bills to over 112,000 Residential, Commercial and Industrial property owners under the jurisdiction of the Municipal and Assessment Act, as well as collects property taxes and maintains all tax and assessment information. Property taxes are collected for services provided by the City, York Region and local school boards. In 2021, the City of Vaughan will fund approximately \$317.9 million in gross expenditures on delivering property tax-supported programs and services and maintaining City infrastructure (buildings and roads). The City has recently transitioned to a new tax software solution.</p> <p><b>Risk:</b> The City sends out two tax bills a year: interim and final. Without effective controls in place, there is a risk that property owners will not be billed or remit the correct amount owing on a timely basis.</p>	<b>Operational Performance, Citizen Experience and Good Governance</b>
<b>Payment Card Industry Data Security Standard Compliance Audit</b>	<p><b>Rationale:</b> The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that organizations that accept, process, store or transmit credit card information maintain a secure environment. The standard was created to increase controls around cardholder data to reduce credit card fraud. Since the City stores and processes payment card information in its daily operations, management needs to ensure that the City is compliant to these standards.</p> <p><b>Risk:</b> In addition to non-compliance to PCI DSS, if credit card information is not secured, there is a greater risk that the information may be compromised.</p>	<b>Operational Performance and Good Governance</b>

Audit Project	Rationale and Risks	Strategic Plan Area of Focus
<b>Construction Audit of Carville Community Centre: Phase 2 - Construction</b>	<p><b>Rationale:</b> The Construction Audit of the Carville Community Centre will encompass the complete lifecycle of the project and will be conducted in 3 phases. Individual Capital Projects can represent a significant investment for the City. Large projects are managed from a variety of aspects including financial, timeliness and meeting deliverables. Audits of individual projects can provide assurance that risks are properly managed.</p> <p>The audit will examine whether the lessons learned from the Construction Audit of Fire Station 7-4 have been applied to this project.</p> <p><b>Risk:</b> If projects are not properly managed the greatest risk is they do not meet their deliverables either by not being on time or on budget. Projects that are late or over budget can lead to financial loss, quality reduction and erosion of public trust.</p>	<b>Safe, Active and Engaged Communities and Operational Performance</b>
<b>VFRS Driver Certification Audit</b>	<p><b>Rationale:</b> As of January 2<sup>nd</sup>, 2014, all participating organizations are required to arrange for an independent, comprehensive audit 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.</p> <p><b>Risk:</b> The risk of not doing the audit is non-compliance with Ontario Legislation. This in turn may result in being removed from the program and incurring additional costs and time being retested by MTO before drivers' licenses can be renewed.</p>	<b>Operational Performance</b>
<b>Finance Modernization</b>	<p><b>Rationale:</b> A key initiative for the City is the implementation of the Finance Modernization project. The purpose of this project is to drive efficiencies through streamlining and automating process and leveraging technology with an outcome of providing relevant, reliable and timely information to all decision makers. Finance Modernization has been ongoing for several years, using a phased implementation approach.</p> <p><b>Risk:</b> If projects are not properly managed the greatest risk is they do not meet their deliverables either by not being on time or on budget. Projects that are late or over budget can lead to financial loss, quality reduction and erosion of public trust.</p>	<b>Operational Performance, Citizen Experience and Good Governance</b>

Audit Project	Rationale and Risks	Strategic Plan Area of Focus
<b>Internal Audit Department Annual Report</b>	<p><b>Rationale:</b> In accordance with the City's Internal Audit Policy, an annual report shall be submitted to the Audit Committee outlining the annual activities of the Internal Audit Department.</p> <p>This report will outline the activities of the Internal Audit Department for the period January 1 through December 31, 2021. It is not a report on the results of the audits conducted, as this information is presented separately throughout the year.</p>	<b>Good Governance</b>
<b>General Internal Audit Follow-up Program</b>	<p><b>Rationale:</b> As part of the Internal Audit reporting process, Internal Audit and clients agree on action plans to address issues identified in the report. Follow-up is done to determine if the action plans have been implemented.</p> <p><b>Risk:</b> If action plans are not followed up there is the risk they may not implemented. Risk and control exposures could be still be outstanding that could have a negative impact on the City. There is also the risk that initial action plans may not have been suitable. Internal audit can work with clients to develop more suitable plans if follow-up is done.</p>	<b>Good Governance and Operational Performance</b>
<b>Anonymous Reporting System Administration</b>	<p><b>Rationale:</b> The City's Anonymous Reporting System was implemented on April 15, 2014 as an additional mechanism for employees to confidentially and anonymously report suspected fraud and code of conduct violations.</p> <p>Report intake is operated independently by a third party and is accessible by internet and toll-free phone number. It is available 24 hours a day, 7 days a week.</p> <p>An employee who chooses to file a report is asked to create a password and is provided with a unique case tracking number so that they can log back into the system to follow the progress of their report, provide further details and to answer any questions posed by the investigator, a member of the City's Internal Audit team. Depending on the nature of the issue, management may be required to assist Internal Audit with an investigation.</p>	<b>Good Governance</b>

**Financial Impact**

Not Applicable

**Broader Regional Impacts/Considerations**

Not Applicable

**Conclusion**

The 2022 Internal Audit Risk Based Work Plan has been developed using the best available information and is aligned with the City's Term of Council Strategic Priorities. Based on existing resources, Internal Audit will be able to independently and objectively carry out the priority projects identified in this work plan.

**For more information**, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

**Attachments**

Not Applicable

**Prepared by**

Kevin Shapiro, Director of Internal Audit, ext. 8293

**Approved by**A handwritten signature in black ink, appearing to be 'K. Shapiro', with a long horizontal flourish extending to the right.

Kevin Shapiro, Director of Internal Audit