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## Finance, Administration and Audit Committee Report

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**DATE:** Monday, January 21, 2019

**WARD(S):** ALL

**TITLE: INTERNAL AUDIT REPORT – 2019 INTERNAL AUDIT RISK  
BASED WORK PLAN**

**FROM:**

Kevin Shapiro, Director of Internal Audit

**ACTION:** DECISION

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**Purpose**

To present the 2019 Internal Audit Risk Based Work Plan, for approval.

**Report Highlights**

- The 2019 Internal Audit Risk Based Work Plan was developed based on an entity wide risk assessment and is aligned with the Term of Council Service Excellence Strategy Map.
- Internal Audit will be moving away a from a four-year audit work plan format and replacing it with an annual risk-based work plan to ensure that audit projects are proactively providing assurance on emerging risks.
- The 2019 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 2019 Internal Audit Risk Based Work Plan be approved.

**Background**

According to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Audit 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. In order to develop this risk-based work plan, Internal Audit conducted a citywide risk assessment. Other sources for determining risk and work plan priorities included discussions with senior management, insight from Council, financial significance, current and emerging risks in the local government sector, high profile issues in other municipalities, themes from prior audits and investigations and significant change initiatives.

### **Previous Reports/Authority**

Not Applicable

### **Analysis and Options**

For this Term of Council, Internal Audit will be moving away from a four-year audit work plan format and replacing it with an annual risk-based work plan. With an annual work plan, Internal Audit will have greater flexibility to ensure that work plan projects are proactively providing assurance on these current and emerging risks. As such, Internal Audit will be bringing forward separate work plans for approval to the Finance, Administration and Audit Committee for 2020, 2021 and 2022, prior to the commencement of each of these years.

The intent is a dynamic work plan where new projects can substitute existing projects. The Director of Internal Audit has the authority to substitute projects but advises Council, through the Finance, Administration and Audit Committee, as to reasons why.

The work plan has two dimensions: what can be done with current resources and what resources are needed to do all relevant projects. The priority projects are based on a staff of three; a Director, and two Audit Project Managers.

Based on the citywide risk assessment, 6 of the 11 very high-risk areas and 25 of the 32 high risk areas will not be reviewed in 2019, nor have they been reviewed in the past 5 years. Current estimates indicate that a staff of six would be required to do all relevant identified projects over the 2019 – 2022 term.

The best plan is one that successfully balances value added projects with the optimal level of staff. Council, as the governing body, ultimately decides on the combination that best meets the City's needs.

### **Financial Impact**

Not Applicable

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

Not Applicable

## **Conclusion**

The 2019 Internal Audit Risk Based Work Plan has been developed using the best available information and is aligned with the City's Term of Council Service Excellence Strategy Map.

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**

1. Attachment 1 – 2019 Internal Audit Risk Based Work Plan

## **Prepared by**

Kevin Shapiro, Director of Internal Audit