



Internal Audit Work Plan

Date	June 1, 2023
To	Audit and Finance Committee
From	Financial Strategy & Sustainability
Service Area	Financial Strategy & Sustainability
Item No.	AF23-3

RECOMMENDATION

That the Audit and Finance Committee:

1. Approve the 2023 Internal Audit Work Plan.
2. Approve this report at its June 15, 2023 public meeting.
3. At its June 15, 2023 public meeting, recommend that City Council receive and file this report at its June 21, 2023 City Council meeting.

ISSUE

The Internal Audit Charter requires the City Internal Auditor to prepare an annual audit plan for approval by Audit and Finance Committee. As per *The Committee Bylaw, No. 2009-40*, the Audit and Finance Committee terms of reference subsection 3(1), the Audit and Finance Committee is delegated authority to approve the City Internal Auditor's work plan and resource plan within the budget approved by Council, with such plans to be forwarded to Council for information. This report presents the Internal Audit Department's 2023 Annual Work Plan which outlines the projects planned for 2023 and potential audit projects for 2024-2025.

IMPACTS

Policy/Strategic Impact

The 2023 Internal Audit Work Plan aligns with the City's strategic priority of Operational Excellence, specifically the goal "We transform to a service and performance culture that builds resident trust" and the strategy to "Achieve long-term financial sustainability" through conducting risk-based operational and compliance audits and providing advisory services.

Financial Impact

The Audit Work Plan has been developed in accordance with the City's 2023-2024 approved budget and staff complement. There are no accessibility, environmental, legal/risk or other impacts.

OTHER OPTIONS

None regarding this report.

COMMUNICATIONS

None regarding this report.

DISCUSSION

Internal Audit Department assists the City in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal controls. It provides independent and objective assurance, and consulting services designed to add value to help enhance the operations of the City. The department's core responsibilities are to conduct risk-based operational and compliance audits and provide advisory services where requested.

The 2023 Internal Audit Work Plan (Appendix 1), provides an overview of the work the Internal Audit Department plans to conduct during 2023. Projects included in the work plan were selected using an independent risk assessment process using the best available information and considered such factors as financial significance, high profile issues in other municipalities, a review of municipal audit trends, themes from external reviews/investigations, and suggestions from the executive leadership team and the City's external auditor. The specific scope of each project will be determined during the project's planning phase. The goal is to have a flexible work plan to facilitate completion of approved projects and initiate some that will be carried forward to 2024.

Further, Internal Audit has identified Potential Audit Projects (Appendix 2) that may be performed in 2024 and beyond. The 2024-2025 Potential Audit Projects will remain dynamic and flexible to address emerging risks and issues. These projects may be revised based on updated risk results, requests from Administration and Council, or any new projects identified during the period. Internal Audit will be bringing forward separate work plans for approval to the Audit and Finance Committee for 2024 and 2025, prior to the commencement of each of these years.

Internal Audit will be able to independently and objectively execute the projects identified in the work plan. The work plan is based on the availability of two full-time auditors. The plan will need to be adjusted if adequate resources are not available throughout the year. Additional staff may be required if there is a demand for more audit service. In addition, some projects can be co-sourced, subject to an approved budget. Co-sourcing is used when the audit project requires specialized skills or knowledge such as information technology audits. From 2024, the City Internal Auditor will provide periodic status update reports to Audit and Finance Committee, including information on management's implementation of recommendations.

The work plan considers the Internal Auditor's full scope of responsibilities, including: the time required for audit projects, internal audit annual reports, whistleblower program administration, audit planning, training, continuous improvement initiatives, and consulting services to clients on risks and controls. In developing the work plan, the time required to complete projects have been estimated based on prior experience. Risk-based internal audits require client participation to identify risks, agree on issues, provide data and information, and develop action plans. All internal audit activities will be conducted in compliance with the *International Standards for the Professional Practice of Internal Auditing*.

DECISION HISTORY

In accordance, with Table 1.1 section 3(1) of *The Committee Bylaw, Bylaw No. 2009-40* The Audit and Finance Committee is delegated authority to approve the City Internal Auditor's work plan and resource plan within the budget approved by Council, with such plans to be forwarded to Council for information.

Respectfully submitted,



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Internal Auditor

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