

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Office of the Chief Administrative Officer
Date	Tuesday, March 7, 2023
Subject	<b>Internal Audit Work Plan 2023 - 2025</b>

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## Recommendation

1. That report titled 'Internal Audit Work Plan 2023- 2025' dated March 7, 2023 be approved.
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## Executive Summary

### Purpose of Report

To provide the Committee of the Whole-Audit details regarding the 2023 Internal Audit work plan as well as the 2022 work plan status update.

### Key Findings

- Consistent with prior years, the 2023 work plan was developed considering factors including a risk assessment completed by Internal Audit, feedback from management and members of Council, consideration of emerging trends affecting municipalities, and previous audit results.
- The Plan's objective is to assist management and Council in achieving the City's strategic and operational goals and objectives.
- It complies with the City of Guelph's internal audit charter as well as supports the City's Strategic Plan.
- The work plan may be modified during the year as required.
- All internal audit activity is performed in an independent and objective manner.
- 80 per cent of the approved projects were completed in 2022, with an additional two projects in progress as of the report date. All recommendations made during the course of audit execution were agreed upon by management who provided action plans to address them.

### Strategic Plan Alignment

The 2023 Internal Audit work plan supports the Strategic Plan – Working Together for our Future pillar. Through projects identified, Internal Audit will utilize a systematic and disciplined approach to evaluate and improve the effectiveness and efficiency of the City's governance, risk management and internal controls.

### Financial Implications

Implementation of audit recommendations could have financial implications, leading to a more effective governance, risk management and internal control environment.

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## Report

The work plan was developed using a risk based methodology approach and complies with the City of Guelph's internal audit charter mandate as well as supports the City's Strategic Plan.

The 2023 work plan (Attachment 1) sets out the priorities of the Internal Audit department, are reflective of the City of Guelph's objectives, and the Strategic Plan priorities; integrated and coordinated with the risk assessment performed by Internal Audit. The specific scope of each project will be determined during the project's planning phase.

Summarized below are several factors considered in developing the work plan:

- Internal Audit risk assessment results;
- Last time an area/process was audited;
- Results of previous audits;
- Consideration requests from management and members of Council;
- Strength of internal control environment; and
- Emerging trends.

The annual work plan may be adjusted throughout the year as other issues or concerns are identified.

The work plan (Attachment 1) is based on the availability of two full time auditors for the full year. The Plan will need to be adjusted if adequate resources are not available throughout the year.

The proposed 2024 and 2025 work plan (Attachment 2) has been updated based on the same factors described above in developing the current year work plan.

Internal audit activities will be conducted in compliance with the International Standards for the Professional Practice of Internal Auditing.

### **2022 Activity Summary:**

The 2022 work plan was based on two full time auditors however, resources of two full time staff were not available for half of the year which resulted in two projects remaining and in progress at year end. The playground inspection and parks maintenance audit was substantially completed as of December 2022 with an information report expected to be issued in March. In addition, development work on an Enterprise Risk Management (ERM) framework was paused due to the resource challenge. This work will continue throughout 2023. As a result, eight projects were completed in 2022 while two projects were in progress as of December 2022. All audit recommendations made in the audit reports have been accepted by management. In addition to the projects identified on the 2022 work plan, three consulting projects were completed during the year.

As part of Internal Audit's goal of continuous improvement, Internal Audit utilizes a client survey at the end of each completed audit project to receive feedback. The feedback received is used to identify opportunities to enhance the internal audit process. In 2022, three surveys were issued. Client satisfaction rate, based on the feedback, was 95 per cent versus a target of 85 per cent.

## **Financial Implications**

Implementation of audit recommendations could have financial implications, leading to a more effective governance, risk management and internal control environment.

## **Consultations**

The Executive Team has been consulted and supports the proposed work plan.

## **Attachments**

Attachment-1 Internal Audit Work Plan 2023

Attachment-2 Possible Audit Projects 2024-2025

Attachment-3 Internal Audit Work Plan 2022 Status Update

### **This report was authored and approved by:**

Robert Jelacic

General Manager Internal Audit

Office of the Chief Administrative Officer

519 822 1260 extension 3498

robert.jelacic@guelph.ca

### **This report was recommended by:**

Scott Stewart

Chief Administrative Officer

Office of the Chief Administrative Officer

519 822 1260 extension 2221

scott.stewart@guelph.ca

## 2023 Internal Audit Work Plan

Name of Project	Type of Audit
<b>Recruitment, Hiring and Retention Practices</b> Perform an operational review of recruiting, hiring and retention processes to assess the effectiveness and efficiency of processes, and adherence to policies, procedures, and legislation.	Operational Review
<b>Accessibility Legislation Compliance Review</b> Perform an operational review of accessibility processes to assess the effectiveness and efficiency, and adherence to policies, procedures, and legislation.	Operational & Compliance Review
<b>Water Meter Replacement Program</b> To assess the economy, effectiveness, and efficiency of the water meter replacement program objectives, and assess operational practices associated with the outsourced program.	Operational & Value For Money Review
<b>Enterprise Risk Management (ERM) Framework Implementation</b> Continue developing an Enterprise Risk Management (ERM) program to identify and manage risks at an enterprise level.	Consulting
<b>Status of Service Rationalization Review Opportunities Implementation Tracking</b> Provide a second update to the Audit Committee on management's implementation of opportunities identified in the consultant report from 2021.	On Going Reporting
<b>Driver Certification Program (DCP) Compliance Audit-Transit</b> To access compliance to the Ministry of Transportation criteria.	Compliance
<b>Status Report on Outstanding Audit Recommendations</b> Provide an update to the Audit Committee on management's implementation status of recommendations agreed upon by staff.	On Going Reporting

## Long Term Audit Plan

### Proposed Projects for 2024 - 2025

Internal Audit has identified potential projects (listed below) that may be performed in 2024 and beyond. The list is based on the current risk assessment results and requests from management and members of Council. These projects may be revised based on updated risk results, previous audit results, emerging trends and/or any new projects that are identified during the period.

<b>Name of Project</b>	<b>Service Area</b>	<b>Department</b>
Enterprise Business Continuity	Public Services	Operations Corporate & Community Safety
Tree Bylaw Enforcement, and Inspection Processes	Infrastructure, Development and Enterprise Services & Public Services	Planning, Urban Design & Building Operations Parks
IT User Access Management	Corporate Services	Information Technology
Fleet Maintenance	Public Services	Operations Fleet Management
Building Permit Approval & Inspections	Infrastructure, Development and Enterprise Services	Planning & Building Services
Use of External Consultants Policy & Practices Review	Corporate Services	Finance
Enterprise Inventory Management	Corporate Services	Finance
Solid Waste Resource Money Handling Audit	Infrastructure, Development and Enterprise Services	Environmental Services
IT Cybersecurity	Corporate Services	Information Technology
Employee Expense System Post Implementation Review	Corporate Services	Finance

## 2022 Internal Audit Work Plan Status

As of December 2022

Name of Project	Type of Audit	Status
<b>Cash Handling Process Audit – Recreational Facilities</b> Assess the effectiveness and efficiency of the cash handling processes and compliance to policies, procedures, legislation and By-Laws.	Operational	Complete
<b>Data Analytics Pilot Project</b> Incorporated data analytics pilot project review into the Recreation facilities cash handling audit.	Continuous Monitoring	Complete
<b>Playground Inspection and Parks Maintenance Processes</b> Perform an operational review of playground inspection and maintenance processes to assess the effectiveness and efficiency of operations, and adherence to policies, procedures, and legislation.	Operational & Compliance Review	In Progress
<b>Status of Service Rationalization Review Opportunities Implementation</b> Provide an update to the Audit Committee on management's implementation of opportunities identified in the consultant report.	Reporting	On going - first report completed
<b>Enterprise Risk Management (ERM) Framework Implementation</b> Develop and implement an Enterprise Risk Management (ERM) program to identify and manage risks aligning with internal audit risk assessments.	Consulting	On going – multi year initiative
<b>SRR Opportunities Implementation</b> Provide support to service area departments completing opportunity reviews.	Consulting	Not Required – replaced with other consulting reviews
<b>Driver Certification Program Compliance Audit-Fleet Operations</b> To access compliance to the Ministry of Transportation criteria.	Compliance	Complete
<b>Status Report on Outstanding Audit Recommendations</b> Provides an update to Council on management's implementation status of recommendations agreed upon by staff.	Not applicable	Three reports complete