

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Corporate Services
Date	Tuesday, February 4, 2025
Subject	<b>Internal Audit Work Plan 2025-2027</b>

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## Recommendation

1. That the report titled 'Internal Audit Work Plan 2025-2027' dated February 4, 2025, be approved.

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## Executive Summary

### Purpose of Report

To provide the Committee of the Whole details regarding the 2025 Internal Audit Work Plan as well as the 2024 work plan status update.

### Key Findings

- Consistent with prior years, the 2025 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 in an efficient, effective and economic way.
- It complies with the City of Guelph's internal audit charter and 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.
- All the approved audit projects were completed in 2024, with one additional future planned project in progress as of the report date. All recommendations made during audit execution were agreed upon by management who provided action plans to address the recommendations.
- An ERM policy and framework has been developed and will be utilized across the enterprise beginning in 2025. This policy and framework will guide the execution of the cities risk management practices going forward.

### Strategic Plan Alignment

The 2025 Internal Audit Work Plan supports the Foundations theme and corresponding Lead with Accountability objective. Through projects identified, Internal Audit will utilize a systematic and disciplined approach to evaluate and improve the effectiveness, efficiency, and economy of the city's governance, risk management and internal controls.

## **Future Guelph Theme**

Foundations

## **Future Guelph Objectives**

Foundations: Lead with accountability

## **Financial Implications**

Implementation of audit recommendations could have financial implications, leading to 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. It complies with the City of Guelph's internal audit charter mandate and supports the City's Strategic Plan.

The 2025 work plan (Attachment-1) sets out the priorities of the Internal Audit department. These priorities are reflective of the City of Guelph's objectives, the Strategic Plan priorities, and are 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 2026 and 2027 work plan (Attachment-2) has been updated based on the same factors described above in developing the current year's work plan.

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

An internal audit charter is required as part of the International Standards for the Professional Practice of Internal Auditing. The head of the Internal Audit department is responsible for drafting and updating the Charter. The Charter should be reviewed and updated periodically, at least every four years to ensure that it remains relevant to the needs of the city. Our charter was approved by Council last year and remains in effect until the current term of Council ends.

An ERM policy and framework has been developed and will be utilized across the enterprise beginning in 2025. This policy and framework will guide the execution of the cities risk management practices going forward.

## **2024 Activity Summary**

The 2024 work plan included five scheduled audits. As of December 31, 2024, all of the audits were completed. The use of external consultants audit that was slated to be completed in 2025 was added to the audit plan in Q4 and is in progress as of December 2024. In addition, work on the multi-year Enterprise Risk Management (ERM) framework strategic initiative was advanced with the development of a policy and framework completed. An organizational risk register will be presented to Council in Q1 2025.

All audit recommendations made in the completed audit reports have been accepted by management. The status of all outstanding recommendations made through the completed audits was reported three times during 2024 with favourable results in management's continued efforts to implement recommendations to improve the overall control environment. In addition to the projects identified in the 2024 work plan, three consulting requests 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 2024, six surveys were completed by auditees. The client satisfaction rate, based on the feedback, was 92 per cent versus a target of 85 per cent.

## **Financial Implications**

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

## **Consultations and Engagement**

The Executive Team was consulted and supports the proposed work plan.

## **Attachments**

Attachment-1 Internal Audit Work Plan

Attachment-2 Possible Audit Projects 2026-2027

Attachment-3 Internal Audit Work Plan 2024 Status Update

## **Departmental Approval**

None.

## **Report Author**

Robert Jelacic, General Manager Internal Audit

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

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