

City of Mississauga Corporate Report

Date: April 20, 2020

To: Chair and Members of Audit Committee

From: Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Originator's files:

Meeting date:
May 11, 2020

Subject

2019 – 2020 Internal Audit Work Plan Report

Recommendation

That the report dated April 20, 2020 from the Director, Internal Audit with respect to the 2019-2020 Internal Audit Work Plan be approved.

Report Highlights

- A three-year Internal Audit work plan (for 2018 to 2020) was approved by the Audit Committee on March 5, 2018. An update regarding the progress of the plan was provided to the Audit Committee at its meeting on March 4, 2019.
- At the end of 2019, three (3) audits were in various stages of completion and were carried over to 2020.
- The work plan for 2019/2020 has since been amended slightly due to changes in the risk profile of the planned audits and a temporary shortage of resources available in Internal Audit during the second part of 2019 and the start of 2020.

Background

The Terms of Reference for the Audit Committee (By-law 0069–2015) states that the Committee shall review the “work plan, staffing and budget of Internal Audit” to ensure that the audit work plan is compatible with corporate objectives and priorities. The Internal Audit Charter (By-law 0065-2013) requires the Internal Audit Division to develop “a flexible audit plan using an appropriate risk-based methodology, including any risk or control concerns identified by management, and submit that plan to the Audit Committee for review and approval as well as periodic updates.” A three (3) year work plan for 2018 to 2020 was approved by the Audit Committee on March 5, 2018, and an update on its progress was provided to the Audit Committee on March 4, 2019.

This report provides information on the status of the audits and proposed changes to the work plan for 2019/2020, as well as consulting projects that are ongoing.

Comments

1. Progress of the 2019/2020 Work Plan

The 2019/2020 work plan, as approved by the Audit Committee, included 22 projects, being 3 initiated in late 2018, 10 planned for 2019 and 9 planned for 2020. Of these projects, nine (9) have since been completed (one of which was changed to a consulting review) and three (3) are nearing completion. The IT Capital Projects Audit was rescheduled to 2020, while the Prestocard Revenue audit was moved forward to 2019. The ePlans audit was initiated; however, during the initial planning work, a review of its risk profile and the existence of plans for implementing a significantly different version of the underlying technology resulted in changing this audit into a consulting project, which is expected to be resumed in the second part of 2020.

2. Further Changes to the 2020 Internal Audit Work Plan

The events explained above left 9 audits to be executed in the year 2020. This year, however, is atypical due to being the last year of the original 3-year plan approved in 2018. A new 3-year audit work plan for the period 2021-2023 needs to be prepared, which demands the execution of a new Corporate Risk Assessment. While such exercise is fundamental to ensure that Internal Audit is applying its resources where most value can be achieved, it is a resource-intensive process, demanding the equivalent of 1 FTE dedicated for several months.

Due to the above, and also due to staff shortages in 2019/2020 and delays resulting from the Covid-19 pandemic, previously planned reviews regarding 2019 Investments and Fire Payroll were deemed to present relatively lower risks and were taken out of the current cycle. They will be revisited for potential inclusion in the aforementioned 2021-2023 Audit Work Plan, which will be prepared based on the 2020 Corporate Risk Assessment to take place mid-year.

The final 2020 Internal Audit Work Plan includes completing the 4 projects in progress and initiating 7 new audits. The work plan is contingent on the resources available to Internal Audit and any special requests that may be made.

3. Consultative Services and Special Assignments

The Internal Audit Work Plan must remain flexible in order to accommodate consulting requests and special assignments. In 2018 and 2019, approximately 15% and 23% of available audit time was spent in these areas, respectively. Internal Audit is committed to promoting a proactive and collaborative approach to assist management in identifying and mitigating risks. Internal Audit is currently involved in a number of corporate initiatives including; a review of the

CLASS to ActiveNet replacement project, the Sustainability Accounting project, and review and feedback on various Corporate Policies and Procedures.

Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

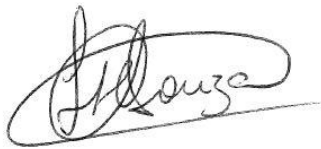
Conclusion

The third year of the 2018 to 2020 Internal Audit Work Plan is now well underway. Three (3) of the audits that commenced towards the end of 2019 are nearing completion. The 2019/2020 Work Plan has been updated to incorporate and reflect changing needs, priorities and resource allocations. The work plan must remain flexible in order to rebalance the listed projects to consider requests from the Audit Committee, consulting requests from Management and special reviews and expansion of audit scope.

Specific projects for each of the two years are listed in Appendix 1. A progress report will be provided to the Audit Committee at its December 7 meeting and the new 3-year work plan will be presented at the March 2021 meeting.

Attachments

Appendix 1: 2019/2020 Internal Audit Work Plan Report by Service Area



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Director, Internal Audit

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