

City of Mississauga

Corporate Report



Date: February 18, 2025 To: Chair and Members of Audit Committee From: Amy Truong, CPA, CMA, CIA Director, Internal Audit	Originator's files:
	Meeting date: March 24, 2025

Subject
Internal Audit Work Plan 2025-2027 and Year End Update

Recommendation
That the Corporate Report dated February 18, 2025 from the Director, Internal Audit entitled, "Internal Audit Work Plan 2025-2027 and Year End Update," be approved.

Executive Summary

- In 2024, Internal Audit completed eight audits and one consulting assignment, while three audits are in various stages of completion and are carried over to be completed in 2025. The Division also aligned its Internal Audit practices with Global Internal Audit Standards™ that took effect on January 9, 2025.
- An Internal Audit Work Plan for 2025 to 2027 was developed based on various sources of information, including the results of the Corporate Risk Assessment conducted in late 2024, discussions with senior management and the Audit Committee Chair, and analysis of past audits performed.
- As required by the Internal Audit Charter, the Work Plan is presented to the Audit Committee for approval at its March meeting.
- The Work Plan remains flexible to accommodate other requests by Senior Management or the Audit Committee for assurance and advisory work.

Background
The Internal Audit Charter (By-law 0065-2013, as amended) requires the Internal Audit Division to develop "a flexible audit plan using an appropriate risk-based methodology, including any risk, control or governance concerns identified by management, and submit that plan to the Audit Committee for review and approval."

In order to fulfil this mandate, an Internal Audit Work Plan for 2025 to 2027 was developed based on the results of a Corporate Risk Assessment conducted in 2024, discussions with senior management and the Audit Committee Chair, and review of past audits. The plan also considered emerging risk trends and the overall control environment at the City.

Internal Audit activities go beyond the execution of audits. Among other activities, the Division provides consulting services and advice to several areas, conducts the Corporate Risk Assessment, supports City-wide programs such as Whistleblower and Corporate Policy reviews, and helps management keep track of the progress of corrective actions that arose from previous audits.

This report provides information on the audit projects being recommended for 2025 to 2027.

Comments

Corporate Risk Assessment

In 2024, the Corporate Risk Assessment (CRA) survey was conducted to help identify and understand the current risk and control environment. The survey was based on self-assessments from divisional leaders and focused on the nature of each business, changes and complexities within the business environment, specific and emerging risks, confidence in existing controls, and included an assessment of the City's awareness of fraud and Artificial Intelligence (AI).

Results of the survey showed that the majority of risks emerged from external factors such as legislative changes, market conditions, climate change, etc. This was represented as 64% of the identified risks. Confidence levels for internal controls were rated as moderate to high in most cases.

Our analysis showed that the main causes of risks stemmed from workforce challenges (e.g. recruitment, turnover), legal/regulatory/policy changes, technology disruptions and security, and extreme events (e.g. floods). Many of the identified risks would have an impact on the divisions' ability to deliver their services and operations.

The fraud assessment showed that leaders were confident that most staff were aware of how to identify and report fraud, that the workplace environment supported the reporting of suspicious, potentially fraudulent activities, and fraud controls were embedded in most processes. However, the assessment identified the opportunity to provide industry-specific fraud training to staff.

The Artificial Intelligence assessment component gauged the level of interest and adoption of AI tools. Over 60% of divisions indicated interest in using AI technology, while only 8% (2 out of 23) divisions are formally using AI, and 35% are using it informally (e.g. Chat GPT). This data shows the need to establish AI governance frameworks with policies, risk assessments, and audits.

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The CRA process has identified, measured, and prioritized risks and reinforced risk assessment principles across the Corporation. A summary of the results and an overview of the Corporate Risk Assessment was provided to the Leadership Team in early 2025.

Internal Audit Work Plan

In 2024, Internal Audit completed eight audits and one advisory assignment, reviewed 23 Corporate Policies and Procedures, updated e-learning modules with fraud risk management concepts, and aligned internal audit practices with the new Global Internal Audit Standards™. Three audits are in various stages of completion and are carried over to be completed in 2025.

Based on the results of the Corporate Risk Assessment, discussions with senior management and the Audit Committee Chair, and past audits, Internal Audit prepared a work plan for 2025 to 2027 (see Appendix 1). The Internal Audit Work Plan must remain flexible to accommodate consulting requests and special assignments.

Key Performance Measures (KPMs)

As part of adopting the Global Internal Audit Standards™ (GIAS), Internal Audit developed a divisional strategy, along with KPMs to ensure achievement of our mandate and alignment with the City's strategic objectives.

The objective was to provide quality audits and insights, be trusted advisors to the business and provide excellence in service.

Quality of Audits and Insights looks at how many audit recommendations support:

1. Achieving the organization's strategic objectives,
2. Reliability and integrity of financial and operational information,
3. Effectiveness and efficiency of operations and programs,
4. Safeguarding of assets, and
5. Compliance with laws, regulations, policies, procedures and contracts.

As these categories were developed in late 2024, there is insufficient data to report the results at this time.

Being trusted advisors was measured by the time spent on advisory and/or awareness initiatives to ensure we support and strengthen organizational understanding of governance, risk and controls. In 2024, Internal Audit spent approximately 7% of our available audit time on these areas. We strive to increase this to 10% in 2025.

Excellence in service was measured using the results of our client survey, which assessed three areas, each with a total possible score of 5: Value Delivery (4.9), Customer Service (4.95) and Competence and Professionalism (4.97). We continue to strive for 5/5 in all categories.

Strategic Plan

The Internal Audit Work Plan aligns with the City of Mississauga's Strategic Plan, particularly with the pillars of "Move," "Green," and "Connect." The Work Plan focuses on strategic priorities including road safety, climate change initiatives and streamlining the development approvals process.

Engagement and Consultation

Internal Audit strives to maintain effective and constructive communication with senior management. Collaboration was integral to the development of this Internal Audit Work Plan and to successfully completing the audits, consulting work and all other relevant activities conducted by the Division.

Financial Impact

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

Conclusion

The Internal Audit Work Plan reflects the best effort to allocate Internal Audit's resources to the areas and risks where they can provide the most value. The work plan must remain flexible to accommodate requests for assurance and advisory work from management or the Audit Committee, and expansion of audit scope.

Specific projects for each of the three years is listed in Appendix 1. Progress reports are provided to the Audit Committee periodically and the work plan will be refreshed on an annual basis.

Attachments

Appendix 1: Internal Audit Work Plan 2025-2027



Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Amy Truong