



**SUBJECT: Summary of 2018 audit results**

**TO: Audit Committee**

**FROM: City Auditor's Office**

Report Number: CA-08-19

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: June 5, 2019

Date to Council: June 17, 2019

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**Recommendation:**

Receive and file city auditor's report CA-08-19 providing summary of 2018 audit results.

**Purpose:**

Provide information and consider reports from the City Manager and/or City Auditor about the recent audit issues identified and the steps documented to resolve them, including management's response to these audit concerns.

An Engaging City

- Good Governance
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**Background and Discussion:**

Reporting required on the corporate results of internal **audit assurance** activity.

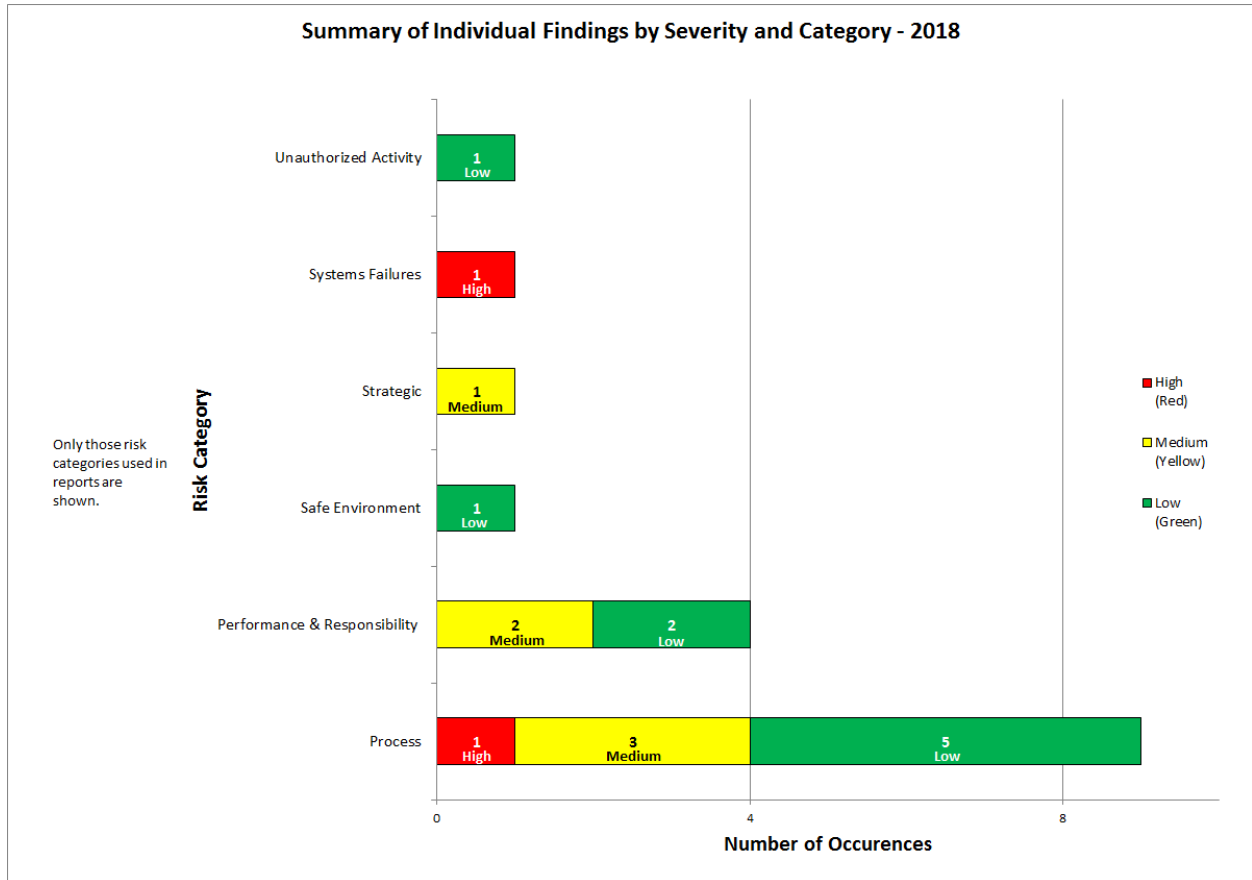
City Auditor responsibilities include providing assurance to management and Council regarding its system of internal controls. An overall conclusion cannot be drawn regarding the entire system of internal controls due to the limited audit coverage in a given year.

**Strategy/process**

This summary report reflects the results of the 4 assurance audits completed as part of the 2018 annual audit work plan.

**Assurance Audits - 2018 Summary of Findings by Risk Category**

Seventeen findings were reported in the 4 assurance audits; each of the findings is categorized by risk type. Categorizing findings by risk provides an opportunity to identify themes in the areas audited. This information can be used by management of other areas to ensure appropriate controls are in place and working as intended to manage these risks.



### Assurance Audits - Risk Themes

Process and Performance & Responsibility risks continue to be the main categories of risk identified in the organization.

- Process:** Defined as the loss arising from transaction processing or process management.

This risk presented itself in the areas audited through:

- Inconsistent completion of documentation,
- Inappropriate retention or lack of retaining business records, and
- Inconsistent issue logging, tracking and reporting.

2. **Performance & Responsibility:** Defined as the loss arising from failure to demonstrate accountability for key responsibilities.

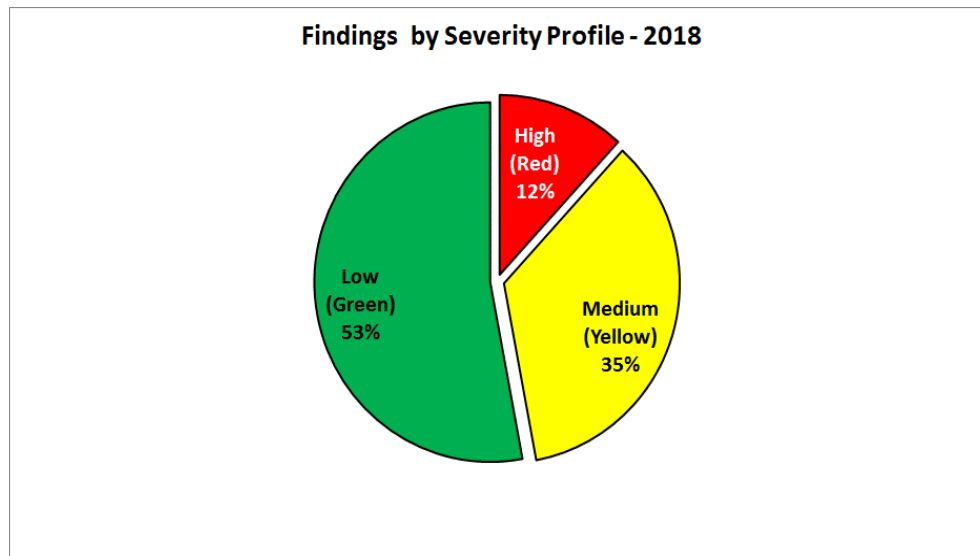
This risk presented itself in the areas audited through:

- Training requirements not completed as assigned, and
- Details of control activities not documented in standard operating procedures and staff not fully conversant of requirements of control activities.

### Assurance Audits - Summary of Audit Findings for 2018

The seventeen findings reported in the 4 audits were classified according to established severity criteria. The severity assists management in prioritizing action plans to manage the risk.

The severity of the total findings is classified as follows:



- 53% of the findings (9 of 17) are of low risk indicating key controls are in place; yet operations/procedures could be enhanced.
- 35% of the findings (6 of 17) are of medium risk indicating the key controls are partially in place and/or operating somewhat effectively.
- 12% of the findings (2 of 17) are of high risk indicating the key control does not exist, key control exists yet is not designed appropriately to manage the risk, or the key control is not operating as intended.

Management action plans have been completed for 1 each of the medium- and low-risk findings.

### Assurance Audits - Overall Audit Ratings

The 4 audits were accorded overall audit ratings. An overall audit rating is a micro-opinion based on the severity of the findings for the area audited. It is a positive assurance opinion based on the evidence found during the audit.

GOOD	FAIR
Health, Safety and Wellness	Fire Emergency Communications
Construction Inspection	
Plans Review Follow up	

No audits were assigned an overall audit rating of “excellent” or “weak”.

### Special Investigations

The City Auditor’s direct involvement was not requested in any special investigations during the year.

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### Financial Matters:

Not applicable.

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### Connections:

Not applicable.

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### Public Engagement Matters:

Not applicable.

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### Conclusion:

The 2018 audit work plan involved 4 assurance audits; translating into limited coverage of operations. Notwithstanding, the results of the assurance audits performed indicate management has appropriate controls in place and operating effectively (within the areas audited) to mitigate the inherent risk. The two primary sources of risk continue to be in the categories of Process and Performance & Responsibility. This knowledge provides management and staff with an opportunity to focus their efforts to identify and assess these risks within and across their areas of responsibility and determine the balance between the degree of risk and the necessary level of control.

Respectfully submitted,

Sheila M. Jones, CIA, CFE, CGAP, CRMA, CCSA

City Auditor

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**Report Approval:**

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.