CITY OF
Burlington

SUBJECT: **Office of the City Auditor update**

TO: **Audit Committee**

FROM: **City Auditor's Office**

Report Number: CA-01-21

Wards Affected: Not Applicable

File Numbers: 430-01

Date to Committee: September 8, 2021

Date to Council: September 21, 2021

Recommendation:

Receive and file city auditor's office report CA-01-21 providing a high-level workplan for the office of the city auditor over the next six months.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

The City of Burlington has had a robust and sustainable internal audit function for the past ten years, whereby the City Auditor reported functionally to the Audit Committee as described in section three of its terms of reference. Following a recruitment process, the City Auditor position was filled on August 16, 2021. The mandate of the Office of the City Auditor is described in the Audit Charter, approved by Audit Committee most recently on February 13, 2017. This document describes the following mission:

> "*The mission of the Office of the City Auditor is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. As such, internal auditing is an **independent, objective assurance and consulting activity designed to add value and improve an organization's operations**. It helps an organization accomplish its objectives by*

bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

The principle purpose of this report is to provide Audit Committee with a high-level overview of the City Auditor's workplan for the next six months and to engage in a discussion that aligns Audit Committee's expectations with this workplan.

Strategy/process

The following is a high-level work-plan for the Office of the City Auditor for the next six months along the following work themes:

1. Prepare the 2022 risk-based Annual Audit Plan, which will be recommended to the Audit Committee for approval in early-mid February 2022. The basis of this Audit Plan includes:

    - Performing broad consultation of corporate risk and potential audit areas with members of the Audit Committee and Burlington Leadership Team

    - Reviewing the Inherent Risk Assessment and updating the Audit Universe

    - Performing a jurisdictional scan of other municipal and broader public sector internal audit functions to review top-trending risk and audit areas

Role & Stakeholders: Led by City Auditor, with consultative inputs from Audit Committee members and management
Budget: none required; however a potential outcome of this work may be a recommendation to Audit Committee to utilize an approved operating budget for third-party subject-matter-expertise in the areas of cyber-security or other technical specialties
Resource/Time impact: Heavy
Estimated timing: Sept 2021 - Feb 2022

2. Support the work of the Audit Committee's sub-committee reviewing its Terms of Reference (as outlined in CL-19-21 approved by Audit Committee on June 9, 2021).

Role & Stakeholders: City Auditor will work collaboratively with Finance, Clerks and City Manager's Office
Budget: none required above and beyond approved budget
Resource/Time impact: Low-Moderate
Estimated timing: on-going & as needed by Sub-Committee

3. Prepare and report to Audit Committee at next regularly scheduled meeting on December 8, 2021. At this meeting, Audit Committee will also receive an updated City Auditor budget vs. actuals outline and "Summary of In-progress

Management Action Plans" which identify audit recommendations and staff's management action plans from audits performed by the former City Auditor.

Role & Stakeholders: City Auditor to consult with relevant staff to update outstanding management action plans
Budget: none required above and beyond approved budget
Resource/Time impact: Moderate
Estimated timing: Oct-Dec 2021

4. Review existing Internal Audit methodology, tools and processes; and update if required to maintain conformance with Institute of Internal Auditors professional standards.

Role & Stakeholders: City Auditor to review past audit files and work with former City Auditor to complete knowledge sharing.
Budget: none required above and beyond approved budget
Resource/Time impact: Low
Estimated timing: Sept-Dec 2021

5. Support the corporate-wide initiative to update the 'Service Business Plan' for Office of the City Auditor.

Role & Stakeholders: City Auditor to work with staff from City Manager's Office
Budget: none required above and beyond approved budget
Resource/Time impact: Low
Estimated timing: Sept-Oct 2021

6. Support the corporate-wide initiative to update the 'Job Information Questionnaire' for the City Auditor position.

Role & Stakeholders: City Auditor to work with staff from HR
Budget: none required above and beyond approved budget
Resource/Time impact: Low
Estimated timing: Sept-Dec 2021

Options Considered

Having an internal audit function is considered a good governance practice and is common in a majority of large and mid-sized Ontario municipalities. There were no alternatives considered when drafting this report.

Financial Matters:

Total Financial Impact

The Office of the City Auditor is supported by an operating budget approved annually by Council through the budget process. There are no financial implications through this report.

Source of Funding

Operating budget as approved by Council.

Other Resource Impacts

Not applicable.

Climate Implications

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

This high-level overview of the City Auditor's workplan is intended to provide information to the Audit Committee.

Respectfully submitted,

Maciej Jurczyk, CPA, CMA, CIA, CRMA

City Auditor

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.