

Subject: 2024-26 Internal Audit Workplan

Report to: Audit Committee

Report date: Monday, February 12, 2024

Recommendations

1. That the draft 2024-26 Internal Audit Plan **BE APPROVED**.

Key Facts

- The 2024-2026 Internal Audit Plan was developed with input from the Audit Committee, the Corporate Leadership Team, and selected directors, as well as a thorough risk assessment of the organization and review of internal audit plans from other Ontario municipalities.
- The purpose of this Internal Audit Plan is to provide independent and objective assurance and consulting services that will enhance the organization's operations and internal control systems.
- The Audit Plan may be amended during the year due to emerging risks that may arise.

Financial Considerations

The total budget for 2024 for external consulting support is set at \$202,000, which staff believe is sufficient to ensure the completion of the workplan. In addition, follow-up audits will be performed internally to ensure all audits are completed within budget.

Analysis

The Internal Audit Department of Niagara Region is dedicated, to providing objective assurance and consulting services to add value and improve Region operations. The Manager of Internal Audit has a professional obligation to create a comprehensive risk-based yearly audit plan, which is in line with the recommendations of the Institute of Internal Auditors (IIA) and the Chartered Professional Accountants (CPA) of Canada. This audit plan will cover all of Niagara Region's processes, its programs and functions, but excludes local Agencies, Boards, Commissions and local area municipalities.

The Internal Audit Plan for 2024-2026 has two primary goals:

- to assure the Audit Committee and Management that internal controls are effectively functioning within the areas of review, and

- to provide recommendations to Management (where necessary) to optimize operations, reduce risks, and close any control gaps.

Our auditing process follows a risk-based approach, beginning with a risk assessment to identify potential hazards and determine associated controls. Typically, controls related to only high and medium risks will be tested. Internal controls are tested in a variety of ways and often the approach is dependent upon specific circumstances. Our audit approach typically includes:

- Observation
- Inspection
- Re-performance/re-calculation
- Analytical procedures
- External confirmation
- Inquiry

The Internal Audit Plan identifies thirteen projects and a consulting engagement to be completed by the Manager of Internal Audit with the assistance of external consultants. The table below lists the projects for 2024-2026:

	Project	Proposed Timing
1	Controlled Medications – Storage and Monitoring Controls	2024
2	Vendor Performance Management for Tier 1 Contracts	2024
3	Vendor Governance and Relationship Management for Consulting Services	2024
4	Waste Management Contractor Performance and Compliance Evaluation	2024
5	Child Care Centres – CWELCC Compliance Audit	2024
6	Revenue Audit – Licensing Division	2025
7	Non-competitive Procurement Audit	2025
8	Follow-up Audit: P-Card Audit (2017)	2025
9	Psychological Wellness Programs	2025
10	Competitive Bidding Process	2026
11	Homelessness Service Providers Audit	2026
12	Travel and Expense Policy and Procedures	2026
13	Cyber Audit – Phase 2	2026

The Audit Plan will also include the following consulting engagements:

1. Control Reviews for Brownfield Tax Assistance Program (BTAP) and Tax Increment Grant Program (2025)
2. Performance metrics of the Niagara Region Transit Commission (2025-26)

Furthermore, at the request of Councillor Gale, Internal Audit will select samples to cover the Water and Wastewater Division's purchase and operation of vacuum trucks in the upcoming 'Vendor Performance Management for Tier 1 Contracts' audit.

In addition to performing independent and objective audit projects, the 2024-2026 Internal Audit Plan also sets time aside for:

1. Following-up on prior audit findings/recommendations
2. Reporting regularly to the Audit Committee
3. Conducting an Internal Quality Assessment
4. Providing advisory services to Management and external stakeholders in the areas of risk, internal controls, corporate governance, and investigations (as requested)
5. Assisting the External Auditor (as requested)
6. Administrative time

The Manager of Internal Audit will provide the Audit Committee with regular status updates on each approved audit project, as well as completed Audit Reports. Throughout 2024 or beyond, staff will be responsive and flexible to accept new assurance or advisory projects identified by the Audit Committee or the Corporate Leadership Team. The Internal Audit Plan will be re-evaluated and re-balanced on an annual basis by the Manager of Internal Audit, with a focus on high-risk processes, programs, and functions.

Alternatives Reviewed

For the majority of audits, an external audit firm will be engaged. It is proposed, based on available funding, that the Manager conduct the follow-up audits internally.

Relationship to Council Strategic Priorities

The current Council's Strategic Priority of Effective Region includes the identification and approval of Internal Audit, as well as related audit functions, such as Value-for-money (VFM) audits and compliance reviews. This initiative is focused on driving continuous improvement in processes, optimizing service delivery through shared

services, ensuring fiscal responsibility, and investing in a skilled workforce for Niagara Region.

Other Pertinent Reports

NA

Prepared by:

Hari Vemuri, CPA, CISA
Manager, Internal Audit
Audit Department

Recommended by:

Todd Harrison, CPA, CMA
Commissioner, Corporate
Services/Treasurer

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer