

Date: 2023-05-31

Subject: **Internal Audit Work Plan Status Update**

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Report Number: CAO's Office-2023-501

Recommendations:

1. That the report titled: **Internal Audit Work Plan Status Update** to the Audit Committee Meeting of June 12, 2023, be received.

Overview:

- To provide an update regarding the Internal Audit Work Plan and progress against the plan, as set out in Appendix 1.
- The 2023 Internal Audit Work Plan is at risk and unlikely to be completed.
 - Staff retention and attraction remain an issue.
 - Internal Audit currently has two vacant audit positions and one seconded role, with the secondment ending in July. Recruitment is ongoing for the two audit positions.
 - 25% of the plan is on hold until new auditors can be onboarded.
 - Internal Audit and Human Resources re-evaluated Internal Audit positions to offer candidates more competitive compensation.
 - Internal Audit aims to fill all positions by Q3/4 this year.
- A Senior Advisor, Audit Communications role was added to Internal Audit in the 2023 budget, and recruitment is underway.

Background:

The Director of Internal Audit is required to report periodically to the Audit Committee regarding the Internal Audit Work Plan ('Work Plan') and progress against the plan. The Work Plan may be adjusted based on any information, issues, or concerns that have

been identified. The Director is also responsible for communicating the impact of resource limitations on the Work Plan, adjustments, and significant changes to the Work Plan. The current 2023 Internal Audit Work Plan was presented at the February 21, 2023, meeting of the Audit Committee.

Current Situation:

2023 Internal Audit Work Plan

It is unlikely that Internal Audit will complete the 2023 Work Plan due to staff departures and a lack of qualified auditors applying for the vacant positions. The primary reason cited by applicants that turn down job offers and departing employees is better wages and growth opportunities elsewhere.

Internal Audit and Human Resources worked on re-evaluating the audit positions and wage bands, and the City is now in a better position to offer candidates competitive compensation. This work has taken several months to complete and is significant in stabilizing the workforce for Internal Audit. We aim to fill all vacancies in Q3/Q4 of this year.

Appendix 1 sets out the status of the 2023 Audit Work Plan. Two of the eight planned audits are on hold and may be deferred to 2024, pending hiring recruitment results. Our next Audit Committee work plan update will provide a clearer picture. One audit is complete, and four are underway and scheduled to be presented at the September and December meetings of the Audit Committee.

Planned Policy Work – Completed

- We worked with the CAO's Office, City Clerk, and Legal Service to clarify the Corporate Fraud Governance Framework.
- We worked with the City Clerk and the Legal Services staff on joining the Audit Committee Terms of Reference and Internal Audit Charter for presentation to the Audit Committee for approval and enactment in a By-law.

Other Planned Work – Impacted by the Staffing Constraints

- We will continue to monitor the Ethics Hotline and provide advice on the investigations on a best-effort basis to focus on the audit work plan.
- We continue to work towards IIA compliance.
- The automation of the Management Action Plan follow-up processes is on hold pending staff availability.

Corporate Implications:

Financial Implications:

N/A

Other Implications:

N/A

Term of Council Priorities:

This report achieves the Term of Council Priority of 'Brampton is a well-run city' by establishing a risk-based audit Work-Plan which promotes corporate accountability, values, and governance best practices.

Conclusion:

The Internal Audit Work Plan will be reviewed regularly and updated when needed. Internal Audit intends to keep the Work Plan agile and flexible, ensuring that identified and emerging risks are appropriately addressed. The Plan is designed to add value to the organization and provide the highest standard of professional, independent, and timely solutions in partnership with City departments.

Authored by:

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Reviewed and approved by:

Claire Mu, Director
Internal Audit

Attachments:

Appendix 1: 2023 Internal Audit Work Plan