

Service Business Plan



Service Name	Internal Audit	Service Type	Internal
Service Owner Name	Sheila Jones	Budget Year	2017
Service Owner Title	City Auditor		

Service Description

An internal service to provide independent, objective audits and consulting services related to risk and controls.

Current State

Customers & Their Expectations	<p>This service is delivered to:</p> <ul style="list-style-type: none"> • Audit Committee/Council, for comfort that management has effective processes in place to manage risk • City senior management, for comfort that appropriate internal controls are in place to manage risk • City staff, for understanding risks and the internal controls required to minimize risk.
Existing Service Delivery	<ul style="list-style-type: none"> • Independent, objective audits and consulting services to evaluate and improve the effectiveness of risk management, internal control and the practices that ensure accountability, fairness and transparency • External resources (e.g. accounting firms or consulting firms) may be used to deliver the audit service.
Existing Customer Engagement Tools / Methods	Email, telephone, face-to-face discussions, reports, and intranet
Is this Service Provincially Legislated?	No N/A
For this Service are there Approved Service Standards?	Yes International Professional Practices Framework (Institute of Internal Auditors)

Sub-Services

N/A	N/A
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Recent Continuous Improvement Initiatives

In 2016, the Office of the City Auditor:

- implemented use of an enhanced Excel add-on increasing the efficiency in working with data and the performance of basic data analytics.
- revised the audit report format to comply with accessibility standards and to make it more reader friendly.

Emerging Opportunities and Anticipated Risks

<p>Emerging Opportunities</p>	<p>The City's administration is working on a number of initiatives to become a 1) a City that Grows; 2) a City that Moves; 3) a Healthy and Greener City; and 4) an Engaged City. These initiatives range from inter-jurisdictional, cross-platform projects to stand alone service improvements. In all cases, these initiatives involve opportunity and risk. Internal Audit consultation and advisory service during the development of key initiatives supports proactive assessment of the risk and design of controls at the most cost effective time.</p> <p>The City has also focused on business performance practices; such as, business plans, performance measures and continuous improvement activities, to achieve efficient, effective and economical delivery of services. Internal Audit is an independent, objective party who can participate in service reviews to proactively assess the reliability and relevancy of performance measures.</p> <p>The exponential growth of data requires expanding capacity for analytics to enhance decision making and to analyze greater volumes of data in less time. Increasing the use of data analytics within in audit supports more effective audit planning and more efficient audit testing. The City's move to implement business intelligence tools provides an effective way to introduce continuous auditing/monitoring into the business cycle.</p>
<p>Anticipated Risks</p>	<p>The rise in the number of change initiatives within the City can lead to a drop in risk management effectiveness, decreased productivity and a higher likelihood of employee attrition.</p> <p>Digitization and increased mobility means the potential for increased technology risk across the span of operations. There are a wealth of cybersecurity risks, generated particularly by employees, and compliance and data privacy risks due to all the personal information being collected, collated, and analyzed.</p>

Service Objectives	Target Completion
<p>Re-focus internal audit service on consulting services to integrate within major projects and provide proactive risk management, control and governance advice.</p>	<p>Nov 2017</p>
<p>Develop the business case to support using automated working papers software to improve the efficiency of the internal audit function.</p>	<p>Jun 2018</p>

MEASURING SUCCESS

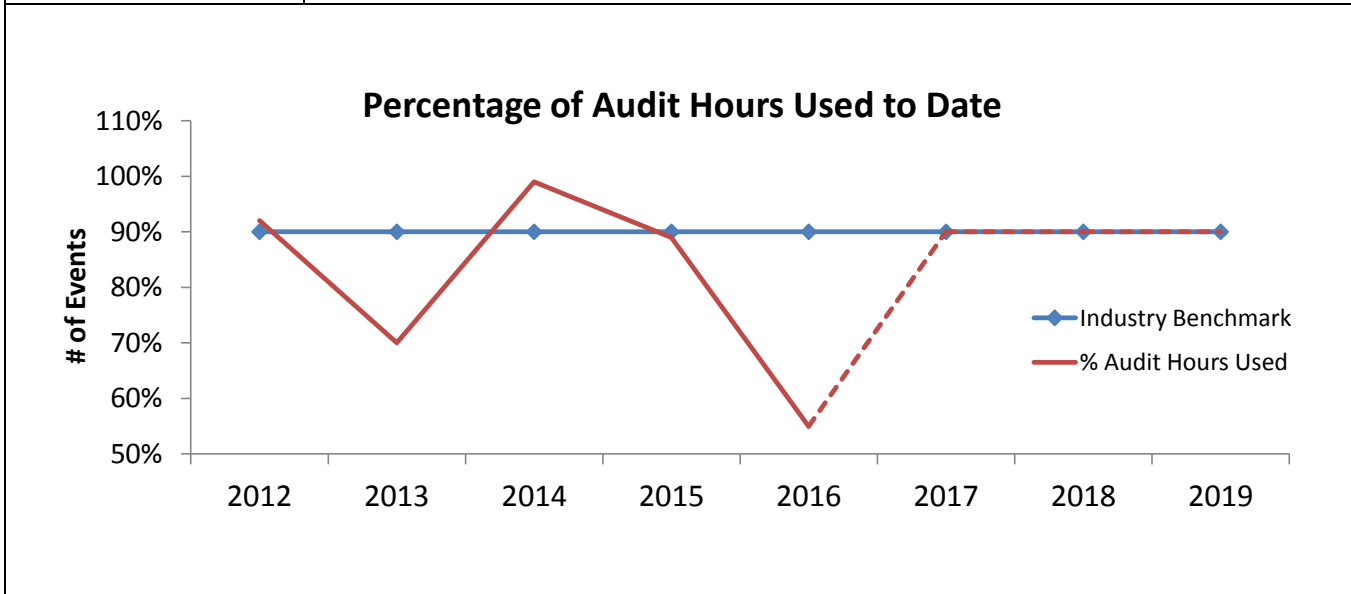
How much did we do?

Performance Measurement	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projection	2017 Forecast	2018 Forecast	2019 Forecast
Number of Audits Completed (#)	7	7	8	5	5	6	3	3
Number of Hours Spent on Consulting and Special Investigations (#)	454	249	32	88	44	123	492	492

How well did we do it?

Performance Measurement	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projection	2017 Forecast	2018 Forecast
Perceived Value of Audits	3.2	3.8	3.3	3.0	3.5	3.0	3.0	3.0
Story behind the data	Internal Audit works for management and the Audit Committee. We add value by helping identify and assess risks and demonstrate how well the internal controls are working. We survey our customers at the end of every audit to determine how much value they got out of the audit and the results. We have a target of achieving an average of 3 out of a total score of 4. The scores are based on a scale from 1 to 4.							

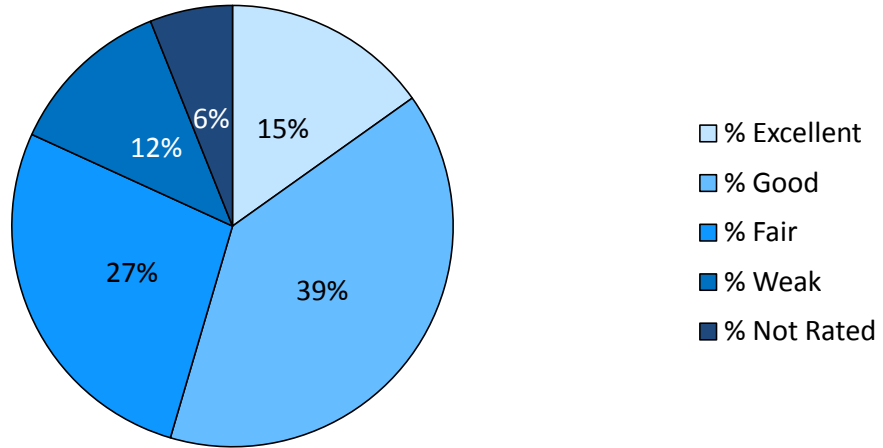
Performance Measurement	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projection	2017 Forecast	2018 Forecast
Story behind the data	The audit work plan is based on the allocation of available audit hours. Audits are planned using a range of hours based on the complexity of the area. 2016 available audit hours were not fully utilized as more time was required in the on-going leadership in service management; particularly in the early part of the year. Audit planning occurred during January and February and audit work did not begin until April.							



Is anyone better off?

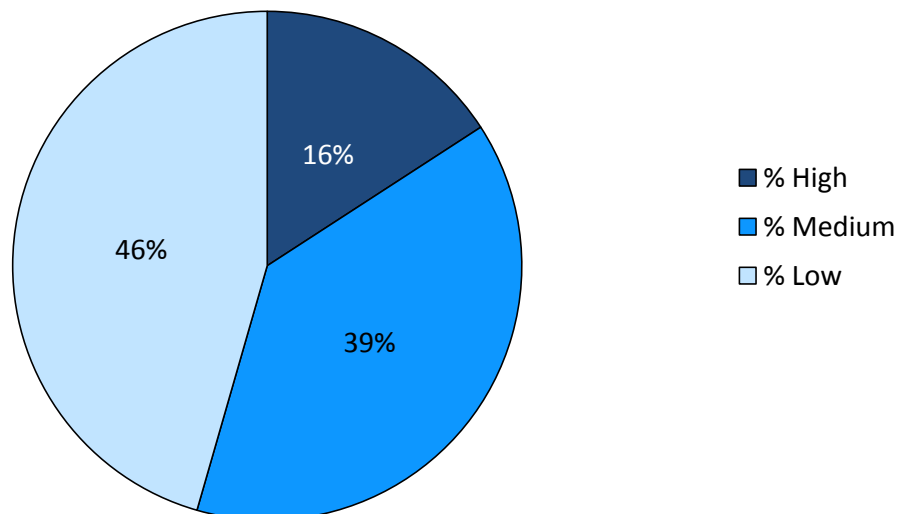
Performance Measurement	Overall internal audit ratings
Story behind the data	An overall audit rating is an opinion based on the findings for the function audited. Tracking of audit results since inception of the Internal Audit Service shows slightly over half of the audits completed to date have rated the area audited "good" to "excellent." This suggests there is opportunity to improve internal controls, compliance with policy and laws and/or improve the efficiency and effectiveness of operations.
Where do we want to go?	Increase percentage of overall internal audit ratings of "good" and "excellent".

Summary of Overall Audit Ratings- 2011 to 2015



Performance Measurement	Percentage of internal audit findings by severity rating
Story behind the data	Findings are categorized by severity. Tracking of severity rating since the inception of Internal Audit Service indicates the majority of findings rated "medium" and "low". These overall results indicate management has controls in place and these controls are working relatively well to manage the risk in the audited areas.
Where do we want to go?	Decrease the number of high and medium risk audit findings.

Findings by Severity Profile- 2011 to 2015



SERVICE RESOURCE SUMMARY

Service Description

An internal service to provide independent, objective audits and consulting services related to risk and controls.

Service Owner Name

Sheila Jones

	2015	2016		2017 Proposed				
	Actual	Budget	Year End Projections	Base Budget	% Change vs. 2016 Budget	Business Cases	Total Budget	% Change vs. 2016 Budget
Human Resources	\$ 566,850	\$ 351,860	\$ 346,860	\$ 288,945	-17.9%	\$ -	\$ 288,945	-17.9%
Operating/Minor Capital Equip.	\$ 1,818	\$ 3,000	\$ 3,000	\$ 2,550	-15.0%	\$ -	\$ 2,550	-15.0%
Purchased Services	\$ 74,452	\$ 40,800	\$ 52,271	\$ 39,650	-2.8%	\$ -	\$ 39,650	-2.8%
Corp. Expenditures/Provisions	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	n/a
Internal Charges & Settlements	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	n/a
TOTAL EXPENDITURES	\$ 643,120	\$ 395,660	\$ 402,131	\$ 331,145	-16.3%	\$ -	\$ 331,145	-16.3%
Controllable Revenues	\$ -	\$ -	\$ -	\$ -	n/a	\$ -	\$ -	n/a
General Revenues & Recoveries	\$ (338,702)	\$ (68,820)	\$ (59,683)	\$ -	-100.0%	\$ -	\$ -	-100.0%
TOTAL REVENUES	\$ (338,702)	\$ (68,820)	\$ (59,683)	\$ -	-100.0%	\$ -	\$ -	-100.0%
NET OPERATING BUDGET	\$ 304,418	\$ 326,840	\$ 342,448	\$ 331,145	1.3%	\$ -	\$ 331,145	1.3%