



Office of the Director, Audit Services
Office of the CAO

MEMORANDUM

To: Members of Audit Committee

From: Michelle Morris
Director, Audit Services

Date: May 19, 2020

Re: 2019-2022 Audit Plan Refresh and Reassessment

This memorandum provides a refresher on the 2019-2022 Audit Plan and discusses events that have occurred since the Plan was approved by Regional Council. These events have given rise to the requirement to reassess and potentially restructure the Plan.

The Audit Services branch presents a new Audit Plan to Audit Committee and Regional Council every four years. The current Audit Plan was presented to Audit Committee on January 9, 2019 and approved by Regional Council on January 31, 2019.

At the January 16, 2020 Audit Committee a request was made by Audit Committee to provide an Audit Plan refresh

Attachment 1 is the report and Audit Plan presented by the Audit Director to Audit Committee on January 9, 2019. The report discussed the role of Internal Audit in assisting management in the efficient and effective discharge of their responsibilities. Internal Audit is defined as an independent and objective assurance and consulting activity designed to add value and improve an organization's operations.

The report also described the risk assessment methodology used by Audit Services to create the Audit Plan. This methodology follows the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditing (IIA) – Standard 2010 – revised October 2016.

Audit Services performs an IIA Quality Assurance Review (QAR) every five years. The review is performed through an internal assessment with external validation. The next IIA QAR is due in 2022.

Time and resources availability assumptions made when the Audit Plan was developed need to be reassessed and any impacts quantified

The 2019 – 2022 Audit Plan was developed by assigning time and resources assumed to be available to execute the plan. Three events have impacted the availability of the time and resources to accomplish the planned work.

1. In March 2019 a Regional Senior Auditor was required to transition back into their former role of Municipal Senior Auditor due to a leave of absence. This allowed Municipal audits to continue, however it impacted the level of resources available to execute the Region's Audit Plan.

With the return of the Municipal auditor in March 2020, the Regional Auditor has now transitioned back to the Regional portfolio.

2. In October 2019 the Audit Director suddenly passed away. In the interim before a new Director, Audit Services could be hired, a Regional Senior Auditor assumed the role of the Acting Director, Audit Services. This allowed the Audit Services branch to continue to perform its responsibilities efficiently and effectively, however it removed a second resource from performing Regional audits.

With the hiring of the new Director, Audit Services to start in June 2020, the Acting Director will be transitioning back to their Regional Senior Auditor role.

3. On March 23, 2020 the Region declared a State of Emergency due to the COVID-19 pandemic and activated its Business Continuity Plan. The Business Continuity Plan is essential for the Region to continue delivering essential services to the citizens of York Region. This Plan includes social distancing, non-essential staff working from home and redeployment of available staff to areas within the Region requiring assistance.

Audit Services continues to work with management in executing the Audit Plan. We remain cognizant of being as minimally disruptive as possible. Meetings are held virtually and electronic files are obtained for review when possible. With a higher rate of staff working from home, obtaining paper files presents an extra challenge in completing our work.

4. COVID-19 has also changed in the nature of our work. With many employees working from home, management has requested Audit Services to review working from home policies and guidelines, and the availability of time tracking reports for management to help ensure ongoing productivity.

Management requested Audit Services perform variance analysis on payroll as employees pay may change due to redeployment. This will help ensure employees are paid appropriately.

The importance of network security has also been elevated due to the anticipated threats that occur during these times. This was a project already in the planning stages and was identified in our 2019-2022 Audit Plan. Additional planning was performed in the interim and with the new Director starting in June 2020, we can move forward with this project.

Changes to the 2019-2022 Audit Plan, as presented to Audit Committee in January 9, 2019 will be presented to the Audit Committee in January 2021

With the hiring of the new Director, Audit Services, there is an opportunity to review the current 2019-2022 Audit Plan in light of the above events. Any necessary changes will be incorporated to better reflect the changing direction of our work and impact on the work Audit Services had originally planned.

We anticipate that an updated Audit Plan will be presented at the January 2021 Audit Committee, once the impact on projects and resources can be evaluated.

Michelle Morris
Director, Audit Services

Attachments (1)
eDocs # 10801939