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Report of the Director, Audit Services

**Audit Services Branch 2024 Risk-Based Work Plan**

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**1. Recommendation**

1. Regional Council approve the Audit Services Branch's 2024 Risk-Based Work Plan (Appendix A).

**2. Purpose**

- This report provides Audit Services' 2024 Risk-Based Work Plan (Work Plan) for Council's approval (Appendix A).

**Key Points:**

- The Work Plan is flexible and dynamic to allow for changes in response to the Region's changing priorities.
- The proposed audits with the Work Plan are aligned with York Region's 2023 to 2027 Strategic Plan.
- This report informs Council of the risk assessment methodology used by the Region's Director, Audit Services to conduct a Region-wide risk assessment. This risk assessment is one of the components used developing the Work Plan.
- Audit Services confirms their ability to independently and objectively carry out the audits identified in the Work Plan.
- Through the budget process, Audit Services has been allocated sufficient resources to deliver the Work Plan.

### 3. Background

The Region's Audit Services Branch follows the *International Standards for the Professional Practice of Internal Auditing* ("Standards") as defined by the Institute of Internal Auditors. The *Standards* state that: "the chief audit executive must establish a risk-based plan to determine priorities of the internal audit activity, consistent with the organization's goals". The *Standards* require that "the internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually."

Consistent with last year, Audit Services has prepared a one-year risk-based work plan for 2024 for Council's approval.

The *Standards* require that the Director, Audit Services confirm to the board, at least annually, the organizational independence of the internal audit activity. Organizational independence requires the audit function to be free of interference in determining the scope of internal auditing, performing audit work, and communicating audit results.

The Audit Services Branch offers assurance, advisory and investigation services. Audit Services assists the Region in achieving its goals in line with the Region's 2023 to 2027 Strategic Plan. The internal audit activity is designed to add value and improve an organization's operations through a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls, and processes.

# 4. Analysis

## Risk Assessment

Audit Services identified five areas of risk that were assessed, as summarized in Table 1.

**Table 1**  
**Risk Categories**

Risk Categories	Description of Risk
Strategic	Risks that may prevent the achievement of business outcomes and objectives. Exposure to loss resulting from a lack of response to the changing business environment, adverse business decisions, and/ or improper implementation of decisions.
Operational	The risk of loss from people, systems, internal procedures, or events which have the potential for the organization to deviate from its objectives and outcomes. Day-to-day risks typically managed by mid-level management and staff.
Reputational	Risk associated with negative publicity, perceived or real, regarding regional business practices, actions or inactions which could cause a decline in the public’s trust and confidence.
Compliance	The risks associated with non-compliance with laws, legislation, regulation, or policy. Non-compliance may be due to the complexity of the legislation and various regulatory requirements across multiple business lines.
Financial	Risk that the organization may not have adequate cash flow to sustain financial obligations.

Audit Services developed a questionnaire with statements related to each of the five risk categories and employed a combination of in-person interviews and emailed surveys to gather insight from forty-eight Directors, Managers and General Managers across the organization. Audit Services assigned a numeric value to each response in the questionnaire and calculated the overall relative risk associated with each risk area. These values were used to calculate the overall risk ranking for each service and sub-service.

## Audit Plan

In developing the 2024 Risk-Based Work Plan (Attachment 1), Audit Services incorporated information from different sources as outlined in Chart 1.

**Chart 1**  
**Risk Prioritization Summary**



The Work Plan is intended to be flexible and dynamic to respond to the Region’s changing priorities. It includes time for management requests (advisory services) and investigations, which are inherently unpredictable and occur throughout the year. The Work Plan includes time for the fraud prevention program, outreach and process improvement initiatives, follow-up on outstanding management action plans and controls monitoring.

## 5. Financial Considerations

The Audit Services Branch will manage its workload within the Audit Services budget. Through the budget process, Audit Services has been allocated sufficient resources to deliver on the Work Plan.

## 6. Local Impact

The Audit Services Branch continues to provide audit and advisory services to seven of the local municipalities through an Agreement on a cost recovery basis. A similar exercise of risk assessment and audit planning is conducted at the local municipalities.

## 7. Conclusion

The Audit Services Branch's 2024 Risk-Based Work Plan was developed using a risk assessment methodology to determine how to best allocate audit and consulting resources across the Region.

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For more information on this report, please contact Michelle Morris at 1-877-464-9675 ext. 71205. Accessible formats or communication supports are available upon request.

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Appendix A - Audit Services Branch 2024 Risk-Based Work Plan

**Appendix A**  
**Audit Services Branch 2024 Risk-Based Work Plan**

Alignment with 2023 to 2027 Strategic Plan	Department/Branch	Project	Risk and Rationale for Audit
Economic Vitality	Transportation Services - Transit Operations	Bus Operations Contracts	There are a significant number of high value contracts in place. There are new contracts in place since the last time Audit Services audited this area. Assurance should be provided to ensure that contracts are being managed appropriately. Last time audited in 2016.
	Community and Health Services – Social Services	Canada-Wide Early Learning & Child Care System (CWELCC)	As a Service System Manager, York Region is responsible for delivering the Canada-Wide Early Learning & Child Care (CWELCC) program. Implemented in 2022, this federal program provides funding through the Region to eligible child care operators in order to lower child care costs for parents and improve access, quality, and inclusion. The administration of public funds for social assistance carries inherent risk of overpayment, mismanagement, and fraud. Periodic review should be conducted to ensure controls are in place and working as intended.

Alignment with 2023 to 2027 Strategic Plan	Department/Branch	Project	Risk and Rationale for Audit
	Community and Health Services – Social Services	Ontario Works	The administration of public funds for social assistance carries inherent risk of overpayment, mismanagement, and fraud. Periodic review should be conducted to ensure controls are in place and working as intended. Last audited in 2018.
Good Government	Finance – Corporate Shared Financial Services	Accounts Payable	In addition to the inherent risks associated with Accounts Payable including completeness of entries and accruals, the conversion of data from PeopleSoft to the new ERP will bring new risks to the process that should be reviewed. Last audited in 2016.
	Finance – Corporate Shared Financial Services	Payroll Audit - Phase 2	This area processes pay for over 4,000 salaried and hourly employees on a bi-weekly basis. Further, Payroll collects and stores private and sensitive employee data to accurately pay individuals. There is a risk that information collected may be compromised and that pay to staff may be inaccurate. Last audited in 2017 (excluding Phase I)

Alignment with 2023 to 2027 Strategic Plan	Department/Branch	Project	Risk and Rationale for Audit
Healthy Communities	Community and Health Services – Public Health	Personal Health Information – Privacy Audit Phase 2	The Community and Health Services Department offers numerous programs to residents across a broad spectrum of community need, often requiring collection of private and confidential information to deliver their services. Two key pieces of legislation govern collection of private information the Municipal Freedom of Information and Protection of Privacy Act and the Personal Health Information Protection Act. Failure to comply with legislation may result in legal challenges, financial penalties, reputational damage, and loss of community trust. Conducting a privacy audit will assess the effectiveness of internal controls in place for safeguarding of individuals' privacy, ensuring compliance with legislation, and building community trust.
Sustainable Environment	Public Works – Operations & Services	Water and Wastewater Agreements with Peel Region – Contract Review	York Region has two agreements with Peel Region for water and wastewater since 2002. Water is supplied from Peel Region's Lakeview Water Treatment Plant. Peel Region also guarantees to treat York Region's wastewater flows. The agreements should be reviewed to help ensure that they are managed appropriately and continue to comply with the respective terms and conditions.