



memorandum

C. 1
Communication
COUNCIL: Jan 24/17
FAA Rpt. No. 1 Item 3

DATE: January 20, 2017

TO: Honourable Mayor Bevilacqua and Members of Council

FROM: Kevin Shapiro, Director of Internal Audit

RE: **REPORT #1, ITEM 3, OF THE JANUARY 16, 2017 FINANCE, ADMINISTRATION AND AUDIT COMMITTEE**

Recommendation

The Director of Internal Audit recommends:

1. That the Financial Planning & Budgeting Process audit, currently scheduled for 2017 as part of the 2015 – 2018 Internal Audit Risk Based Work Plan be deferred until the completion of the Financial Sustainability Program and Fiscal Framework Guiding Principles project.

Purpose

To inform Council of a change to the 2015 – 2018 Internal Audit Risk Based Work Plan.

Background

At the January 16, 2017 meeting of the Finance, Administration and Audit Committee, the Director of Financial Planning & Development Finance and Deputy City Treasurer presented the Financial Sustainability Program and Fiscal Framework Guiding Principles.

The Council approved 2015 – 2018 Internal Audit Risk Based Work Plan contains an audit of the Financial Planning & Budgeting Process.

An effective financial planning and budgeting process is necessary in order to achieve organizational goals in the shortest time possible with a minimum of resources and funding. An ineffective financial planning & budgeting process may pose several significant short and long term risks to the City and may impact decision making as it relates to service levels, priorities and funding allocations.

The objective of the audit would be to evaluate the effectiveness of the controls, processes and procedures in place to mitigate the business risks associated with managing the financial planning and budgeting process.

As part of the Financial Sustainability Program and Fiscal Framework Guiding Principles project, management will be reviewing and recommending enhancements that will mitigate potential risks in the existing financial planning and budgeting processes.

Conclusion

Internal Audit has a professional responsibility to develop an audit work plan that focuses on the key risks in the City. The work plan should be dynamic and flexible. Changes to the work plan may be required occasionally to reflect emerging risks and changes in strategic objectives.

Based on the work that will be conducted by management as part of the Financial Sustainability Program and Fiscal Framework Guiding Principles project, and in consultation with the Chief Financial Officer and City Treasurer, it has been determined that it would be beneficial to defer the Financial Planning & Budgeting Process audit until the completion of the Financial Sustainability Program and Fiscal Framework Guiding Principles project.

As part of the Service Excellence Strategy consulting project that is part of the 2015 – 2018 Internal Audit Risk Based Work Plan, Internal Audit will continue to be available to provide risk based consulting services during the course of the Financial Sustainability Program and Fiscal Framework Guiding Principles project. This will provide a greater opportunity to identify and address any significant risks during and before the completion of the Financial Sustainability Program and Fiscal Framework Guiding Principles project.

The hours in the work plan that were dedicated to the Financial Planning & Budgeting Process audit will be repurposed to the Emergency, Single and Sole Source Purchasing Audit, requested and approved by Council on November 15, 2016.

Attachments

None.

Report prepared by:

Kevin Shapiro CIA CFE CRMA
Director, Internal Audit

A handwritten signature in black ink, appearing to read 'K. Shapiro', is written over the printed name.

Respectfully submitted,

Kevin Shapiro CIA CFE CRMA
Director, Internal Audit