

**3. OFFICE OF THE AUDITOR GENERAL (OAG) 2021 INTERIM AUDIT  
WORK PLAN**

**BUREAU DE LA VÉRIFICATRICE GÉNÉRALE (BVG) PLAN DE  
VÉRIFICATION INTÉRIMAIRE 2021**

**COMMITTEE RECOMMENDATION**

**That Council approve the Office of the Auditor General's 2021 Interim Audit Work Plan.**

**RECOMMANDATION DU COMITÉ**

**Que le Conseil approuve le Plan de vérification intérimaire 2021 du Bureau de la vérificatrice générale.**

**DOCUMENTATION/DOCUMENTATION**

1. Auditor General's report, dated April 16, 2021 (ACS2021-OAG-BVG-003)  
Rapport de la Vérificatrice générale, daté le 16 avril 2021 (ACS2021-OAG-BVG-003 )
2. Extract of draft Minutes, Audit Committee - April 27, 2021.  
Extrait de l'ébauche du procès-verbal, Comité de la vérification, le 27 avril 2021.

**Report to  
Rapport au:**

**Audit Committee  
Comité de la vérification  
27 April 2021 / 27 avril 2021**

**and Council  
et au Conseil  
12 May 2021 / 12 mai 2021**

**Submitted on April 16, 2021  
Soumis le 16 avril 2021**

**Submitted by  
Soumis par:  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2021-OAG-BVG-003**

**SUBJECT: Office of the Auditor General (OAG) 2021 Interim Audit Work Plan**

**OBJET: Bureau de la vérificatrice générale (BVG) Plan de vérification  
intérimaire 2021**

## **REPORT RECOMMENDATION**

**That the Audit Committee recommend Council approve the Office of the Auditor General's 2021 Interim Audit Work Plan.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité de la vérification recommande au Conseil d'approuver le Plan de vérification intérimaire 2021 du Bureau de la vérificatrice générale.**

## **BACKGROUND**

As outlined in the Auditor General By-law No.2021-5, the Auditor General shall submit an annual audit plan to Council for approval. Furthermore, motion No. 46/2 passed on December 18, 2020 directed the new Auditor General to bring forward an interim Audit Work Plan for 2021 to Audit Committee and Council by April 2021.

## **DISCUSSION**

### **Background**

The Auditor General is responsible for assisting City Council in holding itself and its administrators accountable for the quality and stewardship over public funds and for the achievement of value for money in municipal operations. This is accomplished through the independent execution of audits aimed to help identify and mitigate risks, improve the control environment and to continue to improve the efficiency and effectiveness of City operations.

### **Purpose**

The purpose of the Interim Audit Work Plan is to identify to the Audit Committee and Council an overview of the work to be conducted in 2021 and its alignment with the City of Ottawa's Strategic Plan for 2019-2022.

### **Risk-Based Audit Plan (RBAP) Process**

The Auditor General undertakes a risk-based assessment to identify audit priorities. The audits selected for inclusion have arose through a systematic identification of all areas of significance from an audit perspective and the determination of audit project priorities by assessing criteria relating to risk and significance, taking into consideration inherent risks, important organizational changes, new initiatives, emerging priorities and other relevant factors. Furthermore, requests from external boards may also be taken into consideration.

The OAG's risk-based assessment process consists of five distinct steps:

1. Update the Audit Universe;
2. Documentation Review;
3. Consultations with Stakeholders;
4. Risk Assessment; and,
5. Project Selection and Prioritization.

Each of these steps are described in further details below.

### **Audit Universe**

An audit universe represents the potential range of all audit activities and is comprised of a number of auditable entities. These entities include a range of programs, activities and functions which collectively contribute to the achievement of the City's strategic objectives. The audit universe was revised during the RBAP process to ensure a clear understanding of auditable entities while document review, consultations and risk assessments were conducted.

### **Documentation Review**

Documentation review consisted of reviewing the following documents:

- Review of Audit Universe Risk Assessment;
- Review of the draft new Official Plan, the City of Ottawa Strategic Plan 2019-2022, financial statements, and the 2021 Operating and Capital Budgets;
- Review of past audits conducted at the City;
- Review of audits and audit work plans from other municipalities; and
- Review of Fraud and Waste Hotline reports received.

### **Consultations**

The RBAP process included consultations with members of Council, the Senior Leadership team, and Office of the Auditor General staff members. The objective of these consultations was to obtain input on strategic and organizational objectives, risk,

<b>No.</b>	<b>Activity</b>	<b>Description</b>	<b>Link to Council Priorities</b>	<b>Status</b>
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and anticipated changes and challenges to the operating environment. Those consulted were asked to share information on their specific areas of responsibility as well as horizontal risks across the City, based on their experience and knowledge of operations. A meeting was also held with the external auditors to discuss audit coverage of high-risk areas and to minimize overlap and duplication, thus reducing the risk of audit fatigue on the City's administration. Lastly, consultations with other Auditor Generals were conducted to identify global risks and similar areas of focus that could be leveraged.

### **Risk Assessment and Prioritization**

Engagements were selected and prioritized based on risk, the assessment of which was completed using information gathered from the audit universe, consultations and documentation review. The underlying premise of a risk-based approach is that areas of higher risk require greater oversight; accordingly, in carrying out audits, greater weight is given to the examination of the governance, risk management, and controls associated with activities of higher risk. A risk-based approach enables the efficient and targeted deployment of resources and ensures the coverage of the City's most exposed areas.

### **The 2021 Interim Risk-Based Audit Work Plan**

The table below outlines the previously approved and proposed audits for inclusion in the 2021 audit work plan, as well as a brief description of the audit objective and link to the City's Strategic Plan 2019-2022. The objective provided is subject to change based on the results of the risk assessment conducted during the planning phase of the engagement.

<b>IN PROGRESS AUDITS</b>				
<b>City Departments</b>				
1.	Audit of Fleet Services	The objective of this audit is to review all aspects of the City of Ottawa's Fleet Services including fleet maintenance, life cycle management and fleet operations to provide City Council with reasonable assurance that the City's key systems, practices and procedures related to Fleet Services are operating with due regard for economy, efficiency and effectiveness.	Our Service - Sustainable Infrastructure	In progress  To be reported in 2021
2.	Audit of Benefits Processing – Long-Term Disability	The overall objective of this audit is to provide Council with reasonable assurance that the City has effective processes and practices in place to effectively manage long-term disability benefits.	Our People - Thriving Workforce	In progress  To be reported in 2021
<b>Agencies and Corporations</b>				
3.	Audit of Ottawa Community Housing	The objective of this audit is to assess the procurement, program management and project management activities undertaken by Ottawa Community Housing Corporation (OCH) in relation to its 10-Year Development and Renewal Plan. This report will be presented to the OCH Board of Directors and to Audit Committee for information purposes.	Our City - Thriving Communities	In progress  To be reported in 2022
<b>NEW AUDITS COMMENCING IN 2021/EARLY 2022</b>				
<b>City Departments</b>				
4.	Audit of the Competitive	The objective of this audit will be to provide reasonable assurance to Council	Our Service - Sustainable	To commence

	Procurement Process	that the procurement processes are conducted in a fair and transparent manner, in accordance with policies and regulatory requirements, provide value for money, and where feasible align with environmental stewardship.	Infrastructure  Our City – Environmental Stewardship	in 2021  To be reported in 2021
5.	Audit of Grants and Contributions	The objective of this audit will be to determine the adequacy of the City’s grant administration practices, and whether or not the City is receiving value for money from these services and programs.	Our City - Thriving Communities	To commence in 2021  To be reported in 2021
6.	Audit of Prevention of Workplace Violence and Harassment	The objective of this audit will be to provide reasonable assurance to Council that the City administration has established and consistently implements procedures and processes that foster a workplace that is free of violence and harassment and are in compliance with policy and regulatory requirements.	Our People - Thriving Workforce	To commence in 2021  To be reported in 2022
7.	Pandemic Response Audit <sup>1</sup>	A City-wide operational audit to provide Council assurance on the effectiveness and efficiencies of the City’s response to the pandemic. This audit will be completed in a multi-phase approach. Areas of focus will be further defined during the planning process.	Our City - Thriving Communities	To commence in late 2021 or early 2022  To be reported in 2022 and future years
<b>FRAUD AND WASTE &amp; OTHER INVESTIGATORY WORK</b>				

<sup>1</sup> This work will only commence after the pandemic has gotten to a controlled state. If required, we will postpone it until 2022.

9.	Fraud and Waste Hotline	Our Office will continue to be responsible for the administration of the City's Fraud and Waste Hotline which is available for employees and the public as part of the City's Fraud and Waste Policy. Our Office will review issues raised through the Hotline and will present the reports of those Reviews and Investigations to Audit Committee and City Council. The annual Fraud and Waste Hotline report will be tabled this spring.	N/A	Ongoing
10.	Investigations related to allegations of fraud or other wrongdoing	Larger investigations may arise as a result of complaints raised through the Fraud and Waste Hotline or through the conduct of approved audits.	N/A	Ongoing
<b>OTHER SIGNIFICANT AREAS OF WORK</b>				
11.	Follow-up audit procedures	Based on available resources, the OAG will conduct follow-up procedures to ensure that recommendations made in previous issued reports and action plans developed by management are implemented in a reasonable timeframe.	N/A	Ongoing
12.	External Quality Assessment Review	The Institute of Internal Auditors' Auditing Standards require an audit function to complete an external assessment of the audit function at least every 5 years. In accordance with a motion by Council, the OAG will be contracting an external firm to conduct this assessment.	N/A	To commence in 2021
13.	Request for Proposal – Audit Services	The OAG leverages the assistance of external consultants to assist in the execution of the audit work plan. The existing 5 year standing offer expires as of 28 February 2022. As such, the OAG will	N/A	To commence in 2021



		work with the Chief Procurement Officer in launching a request for proposal and to establish a new standing offer.		
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### **Emerging Issues and Audit Horizon for 2022**

The Auditor General has developed an Interim Audit Work Plan based on identified risk and resources. She has also taken into consideration emerging risks and the impact that COVID-19 has had on the City's administration and their bandwidth. As such, flexibility has been incorporated into the interim audit work plan to ensure the Office of the Auditor General is able to execute work under its mandate, have the agility to quickly shift priorities in line with the changing landscape as well as manage the burden placed on the City's administration.

Engagements being considered for 2022 include the following areas:

- Equity, Diversity and Inclusion;
- Progress in Implementing Sustainable Development Strategies;
- Integrated Risk Management;
- Quality of Asphalt;
- Cybersecurity;
- Selected Procurement Activities; and
- Affordable Housing.

### **Continuous Improvement**

The OAG has developed a quality assurance and improvement program that supports the delivery of high quality and timely auditing activities in an effective and efficient manner. In the coming year, the OAG will report back to Committee on key items such as independence, compliance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and professional education

requirements, evaluation of stakeholder relationships and additional performance metrics.

### **Conformance**

The IIA Standards require the Chief Audit Executive (i.e. Auditor General) to report and communicate to senior management (City administration) and the board (i.e. Council/Audit Committee) their conformance with the Code of Ethics and the Standards.

Over the past year, the Office of the Auditor General staff have observed the Code of Ethics of the Institute of Internal Auditors and have applied and upheld the principles of integrity, objectivity, confidentiality, and competency, as well as the Employee Code of Conduct for the City of Ottawa. Furthermore, all staff have met their professional education requirements. Full compliance with the Standards will require successful completion of the upcoming Quality Assurance Review.

### **Conclusion**

The audit selection process has been based on our assessment of risks, available resources and the need to be agile in our current environment. The plan is flexible to allow the Auditor General to respond to emerging issues. The audits outlined above aim to help the City's administration mitigate risks as well as improve accountability, the control environment and the efficiency and effectiveness of City operations.

### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

### **CONSULTATION**

As this is considered an internal administrative matter, no public consultation was undertaken.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a city-wide matter.

### **ADVISORY COMMITTEE(S) COMMENTS**

This section does not apply, as this is a city-wide administrative report.

### **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendation contained in this report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk implications associated with this report.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report.

### **TERM OF COUNCIL PRIORITIES**

This report supports the Term of Council Priority related to Governance, Planning and Decision Making.

### **DISPOSITION**

The Office of the Auditor General will proceed according to Audit Committee's and Council's direction.