

AUDIT COMMITTEE (JUNE 27, 2005)

AUDIT PLAN FOR 2005, 2006, 2007 AND AUDIT CHARTER

Recommendation

The City Auditor recommends that the following be received:

- 1) Audit Plan for 2005, 2006 and 2007

Economic Impact

Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The value added by Audit has economic impact, some of which will be measurable while others will not be. Audit should have a positive impact on all areas of City activity which are audited.

Purpose

To present the Audit Plan for 2005, 2006 and 2007 to the Audit Committee.

Background - Analysis and Options

For the year ending December 31, 2005, attached is the Audit Department's work plan, and proposal for year 2006 and 2007, primarily but not necessarily based on Risk Assessment. The work plan will be reviewed and updated annually.

In the performance of Audit work, the scope (below) generally underlines the work that is performed.

The **scope** of Auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of control and the quality of performance in carrying out assigned responsibilities. The Auditors are concerned with any phase of City activity. The scope of Auditing includes:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Appraising the economy and efficiency with which resources are employed.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

- Making recommendations to the City Manager and the Audit Committee regarding improvement in management practices.
- Other examination and evaluation at the discretion of the auditor.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

The annual audit plan provides a plan of Audit work to be done. It is not cast in stone as it may be superceded by special projects as requested by the City Manager or Audit Committee. The discovery of information during audits, may also impact the length of time to complete audits. This will have a bearing on how many audits will be completed for the year.

Attachments

Attachment 1 – Audit Plan for 2005, 2006, 2007

Attachment 2 – Audit Charter

Report prepared by:

Michael Tupchong, City Auditor

Respectfully submitted,

Michael Tupchong, CA, CIA, CPA, CFE
City Auditor

City of Vaughan
Audit Department

AUDIT PLAN 2005, 2006, 2007

		2005			
	Com	BUDGET	Audit Plan		
Auditable Unit		('000)	2005	2006	2007
COMMUNITY PLANNING & (POLICY AND URBAN DESIGN)-Rev	JZ	4406	X		
FIRE OPERATIONS-Exp	JS	19365			
DEVELOPMENT PLANNING-Exp	JZ	1446	X		
ROADS MAINTENANCE-Exp	BR	5387	X		
BLDG STDS- LICENSES/PERMITS-Rev	JZ	12,000		X	
BUILDING STANDARDS-Exp	JZ	8041		X	
WATER, WASTE WATER AND DRAINAGE-Exp	BR	12000	X		
WINTER CONTROL-Exp	BR	7486	X		
BY-LAW ENFORCEMENT-Rev	BS	2359		X	
BY-LAW ENFORCEMENT ADMIN-Exp	BS	2531		X	
WASTE MANAGEMENT-Exp	BR	8881		X	
PROGRAMMES ADMINISTRATION-Exp	MK	2045	X		
AQUATICS-Exp	MK	2235	X		
BLDS STDS'- PLMBG PERMITS-Rev	JZ	725		X	
RECREATION-Rev	MK	12449		X	
POLICY/URBAN DESIGN-Exp	JZ	1234		X	
CORP. COMMUNIC. ADMINIS.-Exp	FM	1051			X
ROAD CONSTRUCTION-Cap	BR	16514		X	
FIRE COMMUNICATION-Exp	JS	794			X
PROVINCIAL OFFENSES ACT-Rev	BS	699		X	
FITNESS/HEALTH/SPORT-Exp	MK	1674			X
CAMPS-Exp	MK	1670			X
PERMITS(HOCKEY SUBSIDY)-Exp	MK	1048			X
ENGINEERING AND CONSTRUCTION SERVICES-Exp	BR	2886			X
LICENSING-CLERKS-Rev	BS	740			
BLDG STDS:'-SERVICE CHARGES-Rev	JZ	127		X	
FIRE PREVENTION-Exp	JS	1144			X
DEVELOP/TRAFFIC & TRANSPORT ENGINEERING -Exp	BR	2106			X
ROAD RECONSTRUCTION-Cap	BR	6590			X

		2005			
	Com	BUDGET	Audit Plan		
Auditable Unit		('000)	2005	2006	2007
TRAFFIC CALMING PROGRAM-Cap	BR	204			X
OPERATIONS-Exp	MK	5972			X
WEB AND GIS DEVELOPMENT-Exp	FM	975			
COMMUNITY CENTRE COMPLEXES- Cap	MK	19303			
CIVIC CENTRE SITE PREP-Cap	MK	7462			
CHIL/PRESCHOOL PGMS-Exp	MK	862			
BLDG OPERATIONS-Exp	MK	10863			
CEMETERIES/CAPITAL PROJECTS- Exp	MK	1599			
TAXATION-Rev	CH	75889			
ENGINEERING SERVICES-Rev	BR	430			
LICENSING & SPECIAL PROJECTS- Exp	BS	393			
LEGAL SERVICES ADMIN-Exp	BS	801			
MARKETING-Exp	FM	139			
ROAD RESURFACING-Cap	BR	2043			
FIRE ADMINISTRATION-Exp	JS	840			
CITY PLAYHOUSE-Exp	MK	471			
YOUTH/ADULT/SNR PROGRAMMES- Exp	MK	285			
OTHER PROGRAMMES-Exp	MK	362			
SIDEWALKS-Cap	BR	5341			
CITY MANAGER-Exp	MD	516			
PROPERTY TAX-Exp	CH	1003			
PARK DEVELOPMENT-Cap	MK	3534			
TAXATION-SUPPLEMENTALS-Rev	CH	2750			
CLERKS ADMINISTRATION-Exp	BS	763			
PUBLIC WORKS-OPERATIONS-Rev	BR	218			
EMERGENCY MANAGEMENT-Exp	JS	140			
LAND ACQUISITION-Cap	BS	597	X		

Audit Charter

Mandate

The Audit function provides independent, objective assurance and advisory services in an accurate, methodical, professional and credible manner for Management and Council so residents can have confidence in the operation of the City. They use a systematic and disciplined approach to assess risk and evaluate the effectiveness of operations and compliance with legislation, by-laws and approved policies.

Objectives

1. Identify, assess, measure and develop an audit plan based on key risks faced by the City.
2. Add value to local Government by identifying opportunities for improving and streamlining City operations.
3. Develop a resourcing strategy in order to respond effectively to Council and senior management needs.

Authority, Responsibilities and Independence

- a. The authority and responsibilities of the Audit department are established by Council. The auditor reports to the City Manager and the Audit Committee. The auditor reports to the Audit Committee twice a year and at other times as needed.
- b. In all of its activities, the Audit department will adhere to the Standards for Professional Practice of Internal Auditing and the Code of Ethics adopted by the Institute of Internal Auditors, as well as the City's Code of conduct.
- c. The Audit department will develop a multi-year audit work plan using an appropriate risk-based methodology, including the assessment of any risks or concerns identified by senior management, and submit that plan to the City Manager for review and approval in consultation with the Commissioner of Finance & Corporate Services. The audit work plan is recommended to the Audit Committee for approval by Council.
- d. The Audit department will implement the audit work plan, as approved, provide regular status updates and prepare final reports to the City Manager, Commissioner of Finance & Corporate Services and other members of the senior management team as appropriate. This will also include advising the Audit Committee and Council as to significant deficiencies or other substantive issues noted in the course of its activities.

- e. The Audit department has unrestricted access to all records, properties, functions and personnel necessary to effectively discharge its responsibilities. All activities of the City may be subject to review.
- f. In performing its functions, the Audit department shall have no direct responsibility or authority over any of the activities reviewed. It shall not design and install procedures, prepare records, or engage in any other activity that it would normally review and appraise and that could reasonably be construed to compromise its independence and objectivity.
- g. At least once every 3 years the Charter will be reviewed to ensure that it is up to date, effective and meets the needs of the City.

Scope of Work

The authorized scope of Audit activities encompasses (1) Compliance with legislation, by-laws and policies (2) the quality of performance in carrying out assigned responsibilities. This can include:

- a. Ascertaining compliance with legislation, by-laws and the City's policies;
- b. Evaluating efficiency and cost effectiveness with which resources are employed; and
- c. Reviewing operations or programs to assess whether they are being carried out as planned and whether results are consistent with established objectives.

The Audit department has complete independence and, is not subject to restrictions in the scope of its work by operating units or management. However, it is recognized that senior management and Council provide general direction as to the scope of work and the activities to be audited, and may request the Audit department to carry-out special reviews or audits.