

Budget Adjustment Request – Governance, Risk and Compliance Solution

ISSUE

This report seeks City Council’s approval for a budget adjustment to implement an integrated Governance, Risk and Compliance Solution for the City Auditor’s Office.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council:

That a capital project be created for implementation of an integrated Governance, Risk and Compliance Solution in the amount of \$120,000, to be funded from the Internal Audit Program Reserve, be approved

BACKGROUND

At its March 5, 2025 meeting, while considering the [2025-26 Audit Plan](#) report, the Standing Policy Committee on Finance resolved:

“That the Standing Policy Committee on Finance approve the 2025-26 Audit Plan, as outlined in the report of the City Auditor dated March 5, 2025.”

Within the March 5, 2025 report it was stated that the audit management system and data analytical tool matter be brought back to the Standing Policy Committee on Finance for consideration and approval.

DISCUSSION/ANALYSIS

The current audit processes are manual using various Microsoft products (i.e., Word and Excel), which limits the effectiveness and efficiency of the City Auditor’s Office. Further, there is no integration with the Corporate Risk program which is also manual in nature.

The City Auditor’s Office is proposing to implement an integrated Governance, Risk, and Compliance (GRC) Solution which includes the following:

- Risk Management: Facilitate the risk management process (risk identification, analysis, evaluation, treatment, monitoring, communication and reporting) in a centralized system.
- Audit Plan Development: Audit universe and audit plan development including scheduling and resource allocation.
- Audit Execution: Enable audit engagement planning and execution with standardized programs and workflows.
- Audit Reporting & Issue Tracking: Generate detailed audit reports and automate the issue tracking and audit follow-up process.

- Data Analytics: Utilize data analytics to test full populations of data (vs. sampling) to identify trends, anomalies, and areas of risk.
- Whistleblower (optional): Manage whistleblower cases, investigations and reporting.

The implementation of a GRC solution would have the following expected benefits or outcomes:

- Enhanced Efficiency: Streamlined audit processes reduce manual effort and improve productivity.
- Integration:
 - Seamlessly integrate with existing enterprise systems for data analysis.
 - Audit can leverage Risk Management work for audit plan development and engagement planning. Audit results provide assurance over treatment activities identified in the Risk Management program.
 - Potential to expand GRC tool to other City assurance providers (Three Lines Model)
- Improved Accuracy: Automated data collection and analysis minimize errors and enhance data integrity. Less manual processes reduce potential for error.
- Increased & Continuous Coverage: Data Analytics using full populations (vs. sampling) to provide greater coverage and assurance. Ability to implement a truly continuous assurance program providing timely insights and assurance over certain risk areas.
- Informed Decision-Making: Data-driven insights support strategic decision-making and risk-aware culture.
- Conformance with Professional Standards: Leverage technology to demonstrate conformance with The Institute of Internal Auditors' (IIA) Global Internal Audit Standards.

FINANCIAL IMPLICATIONS

It is expected that the GRC solution will cost approximately \$120,000 for implementation and for the first year's licensing costs. The City Auditor is recommending the costs to implement the solution and the first year's licensing costs be funded through a newly created capital project with funding from the Internal Audit Program Reserve. The Internal Audit Program Reserve currently has a \$470,280 balance which is sufficient to cover the capital costs.

Ongoing operating costs (annual licensing costs) will be required once the solution is implemented. These ongoing operating costs will be refined further once a solution provider is determined and will become part of the ongoing operating costs for the Internal Audit program.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

If approved, the City Auditor will work with Information Technology and Supply Chain Management to develop and issue a Request for Proposals for the GRC solution.

REPORT APPROVAL

Written and Approved by: Nathan Thomson, City Auditor

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