

2022 Internal Audit Annual Report

Audit Committee Presentation – Monday May April 24th , 2023



Today's Presentation

- Internal Audit Governance Structure
- Common Themes and Issues
- Anonymous Reporting System Annual Update
- Questions

Internal Audit's Purpose

- Provides independent, objective assurance and consulting activity designed to add value and improve the City's operations
- Systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes
- Term of Council Priority of "Service Excellence and Accountability"

Functional Reporting To Council – Council Responsibilities

- Approving Audit Charter and Risk Based Work Plan
- Ensuring that Internal Audit has sufficient authority and standing to carry out its tasks effectively
- Making appropriate inquiries to determine whether there are inappropriate scope or resource limitations
- Providing direct access to the Audit Committee Chair and Audit Committee members
- Reviewing and monitoring management's responsiveness to audit findings and recommendations

Director of IA assists Council by:

- Reviewing the Internal Audit governance structure
- Annual declaration of organizational independence
- Providing feedback on the sufficiency of internal audit resources
- Presenting reports related to the Department's activities through the Audit Committee
- Providing annual updates on ARS, outstanding management action plans and Internal Audit Performance

Annual Declaration of Independence

The Internal Audit Department has been able to carry out its activities free from management interference and remains organizationally independent.

Any threats to the Internal Audit Department's independence or objectivity, whether perceived or actual, will be managed at the individual auditor, engagement, functional, and organizational levels, and be brought to the attention of the Audit Committee should it occur.

Common Themes and Issues

1. Leveraging advances in technology to improve business processes.
2. Developing processes to periodically evaluate direction, strategy, programs and service delivery to ensure efficient and effective deployment of resources.
3. Improving project management, contract administration and management oversight.
4. Updating the content of City policies, procedures and guidelines while providing more clarity on roles, responsibilities and expectations of stakeholders.
5. Enhancing both general and technical staff training programs.

ARS Results – Trends & Themes

1. Report Volume Per 100 Employees

- We received a total of 7 reports in 2022, up 1 from 2021.

2. Substantiation Rates:

- 2 of the 7 reports (29%) received in 2022 were substantiated. The NAVEX Benchmark substantiation rate was 41%. Our overall substantiation rate since the system was launched is 24.2%.

3. Reporter Follow-up Rate:

- In 2022, 71% of all reporters logged back into follow-up on their report. The Global Benchmark Rate is 27%.

4. Anonymous vs Named Reporters

- In 2022, 71% of reporters chose to remain anonymous. The Global Benchmark is 56%.

Questions?

