



INTERNAL AUDIT

Annual Report:

January 2023 – December 2023

May 2024

TABLE OF CONTENTS

Purpose of Internal Audit 3

Internal Audit – Governance Structure 3

Functional Reporting Relationship 3

Administrative Reporting Relationship 4

Internal Audit Policy 5

Annual Declaration of Organizational Independence 5

The IIA’s Three Lines Model 6

Governance Interrelationships 8

Role and Expected Outcome of a Full Service Internal Audit Function 9

Measuring Performance 10

Service to Stakeholders 11

Technical Development 14

Staff Development 15

Common Themes and Issues – Analysis of 2023 Internal Audit Reports 16

Anonymous Reporting System – Annual Update 17

Background and Purpose 17

Performance Criteria 17

Report Volume per 100 Employees 18

Report Allegation Categories and Substantiation Rates 18

Reporter Follow-up Rate 19

Anonymous vs Named Reporters 20

Case Closure Time 20

Status of Management Action Plans – Annual Update 21

2023 Internal Audit Work Plan Status and Schedule 34

Audit Client Survey Results Appendix A

List of Completed Audit Projects and Status of MAPs Appendix B

PURPOSE OF INTERNAL AUDIT

The Internal Audit Department provides independent, objective assurance and consulting activity designed to add value and improve the City's operations. The Department helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Department's core responsibilities are to conduct risk based operational and compliance audits and provide advisory services.

The Internal Audit Department's activities support the City's Term of Council Service Excellence Strategic Priority of "Service Excellence and Accountability".

INTERNAL AUDIT – GOVERNANCE STRUCTURE

Internal Audit reports functionally to Council through the Audit Committee and administratively to the City Manager.

According to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Audit (Attribute Standards 1110 - Organizational Independence), the chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. Appropriate reporting lines are critical to achieve the independence, objectivity, and organizational stature for an internal audit function necessary to effectively fulfill its obligations. Reporting lines are also critical to ensuring the appropriate flow of information and access to key executives and managers.

Functional Reporting Relationship:

The functional reporting relationship to Council through the Audit Committee helps ensure that the Internal Audit Department is free to work independently and objectively and is ultimately responsible for ensuring that Internal Audit has the resources and access to information to enable it to fulfil its mandate. These functional responsibilities include:

- Approving the Internal Audit Charter and Internal Audit Risk Based Work Plan.
- Ensuring that Internal Audit is appropriately resourced and has sufficient authority and standing to carry out its tasks effectively.
- Making appropriate inquiries of management and the Director of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Ensuring that the Director of Internal Audit has direct access to the Audit Committee Chair and committee members and is accountable to the Committee.
- Receiving communications from the Director of Internal Audit on the Department's activities relative to its risk-based work plan and other related matters.
- Reviewing and monitoring management's responsiveness to audit findings and recommendations.

2023 INTERNAL AUDIT ANNUAL REPORT

- Monitoring and assessing the quality and effectiveness of Internal Audit, and its role in the overall context of the City's governance framework.
- Approving decisions regarding the appointment and removal of the Director of Internal Audit.
- Approving the compensation of the Director of Internal Audit.

The Director of Internal Audit assists Council in fulfilling their functional responsibilities by:

- Reviewing the Internal Audit governance structure and attesting to the Department's organizational independence on an annual basis.
- Providing feedback on the sufficiency of internal audit resources through the Internal Audit Risk Based Work Plan and through participation in the City's annual budgeting process.
- Providing briefing sessions to the Mayor and Members of Council on emerging risks.
- Presenting reports related to the Department's activities through the Audit Committee.
- Providing an annual update on the status of all outstanding management action plans so that Council can review and monitor management's responsiveness.
- Providing an annual update on the effectiveness of the City's Anonymous Reporting System.
- Reporting annually on the Department's performance. This information can be used by Council to gauge the quality, efficiency and effectiveness of the Internal Audit Department.

Administrative Reporting Relationship:

The administrative reporting relationship to the City Manager helps facilitate the day-to-day operations of the Internal Audit Department. This includes:

- Providing appropriate office space, supplies and equipment.
- Human Resources, Information Technology, and Purchasing support.
- Internal communications and information flow.
- Administration of the Internal Audit activity's policies and procedures.

2023 INTERNAL AUDIT ANNUAL REPORT

Internal Audit Policy:

The Internal Audit Charter was developed and approved by Council in October 2012. The Charter was revised and renamed the Internal Audit Policy and approved by Council in June 2014. The Policy was further revised in 2020 and approved by Council on June 29, 2020.

The Internal Audit Policy is a formal document that defines the Internal Audit Department's purpose, authority, and responsibility. It establishes the Internal Audit Department's position within the City, including the nature of the functional reporting relationship with Council; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The policy requires that it be reviewed at least once a year to ensure that it is up-to-date and effective. Based on the review Internal Audit conducted in December 2023, the policy remains up-to-date and effective, and no further revisions are recommended at this time.

Annual Declaration of Organizational Independence:

According to both the City's Internal Audit Policy and IIA Attribute Standards 1110 - Organizational Independence, the Director of Internal Audit must confirm to the Audit Committee at least annually, the organizational independence of the internal audit activity. In addition, IIA standard 1110.A1 states that the "internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications."

This statement confirms that the Internal Audit Department has been able to carry out its activities free from management interference and remains organizationally independent.

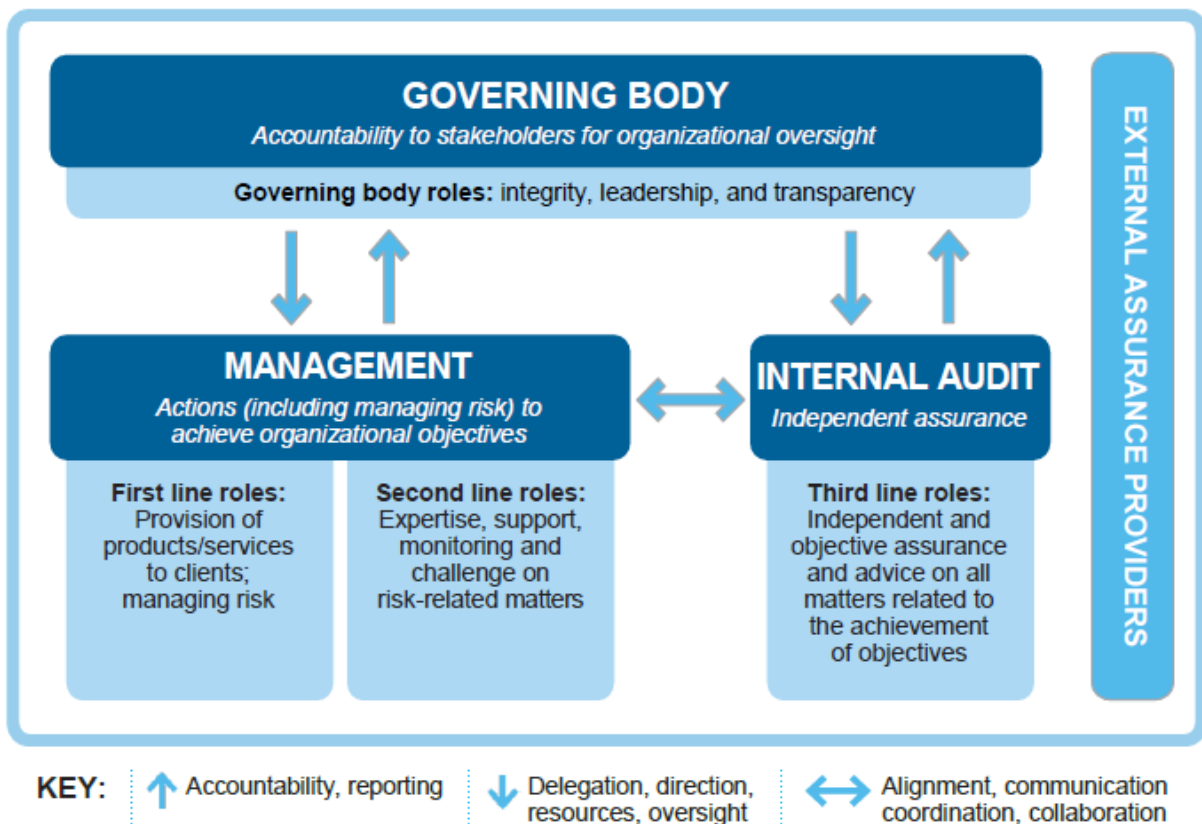
Any threats to the Internal Audit Department's independence or objectivity, whether perceived or actual, will be managed at the individual auditor, engagement, functional, and organizational levels, and be brought to the attention of Council should it occur.

The IIA's Three Lines Model:

In 2020, the IIA updated the Three Lines Model. The updated model helps organizations better identify and structure interactions and responsibilities of key stakeholders toward achieving more effective alignment, collaboration, accountability and objectives.

The model adopts a six-step, principles-based approach. It outlines the roles of various leaders within an organization, including oversight by the board or governing body, management and operational leaders including risk and compliance (first- and second-line roles), independent assurance through internal audit (third line) and it addresses the position of external assurance providers. The model applies to all organizations, regardless of size or complexity.

The IIA's Three Lines Model



The governing body, management, and Internal Audit have their distinct responsibilities, but all activities need to be aligned with the objectives of the organization. The basis for successful coherence is regular and effective coordination, collaboration, and communication.

The Three Lines Model is most effective when it is adapted to align with the objectives and circumstances of the organization. How an organization is structured and how roles are assigned are matters for management and the governing body to determine. The governing body may establish committees to provide additional oversight for particular aspects of its

responsibility, such as audit, risk, finance, planning, and compensation. Within management, there are likely to be functional and hierarchical arrangements and an increasing tendency toward specialization as organizations grow in size and complexity.

Functions, teams, and even individuals may have responsibilities that include both first and second line roles. However, direction and oversight of second line roles may be designed to secure a degree of independence from those with first line roles, and even from the most senior levels of management, by establishing primary accountability and reporting lines to the governing body. The Three Lines Model allows for as many reporting lines between management and the governing body as required.

Second line roles may include monitoring, advice, guidance, testing, analyzing, and reporting on matters related to the management of risk. Insofar as these provide support and challenge to those with first line roles and are integral to management decisions and actions, second line roles are part of management's responsibilities and are never fully independent from management, regardless of reporting lines and accountabilities.

A defining characteristic of third line roles is independence from management. The Principles of the Three Lines Model describe the importance and nature of internal audit independence, setting internal audit apart from other functions and enabling the distinctive value of its assurance and advice. Internal audit's independence is safeguarded by not making decisions or taking actions that are part of management's responsibilities (including risk management) and by declining to provide assurance on activities for which internal audit has current, or has had recent, responsibility.

The governing body in the municipal sector is Council. Council relies on reports from management (comprising those with first and second line roles), internal audit, and others in order to exercise oversight and achievement of its objectives, for which it is accountable to stakeholders. Management provides valuable assurance on planned, actual, and forecast outcomes, on risk, and on risk management by drawing upon direct experience and expertise. Those with second line roles provide additional assurance on risk-related matters.

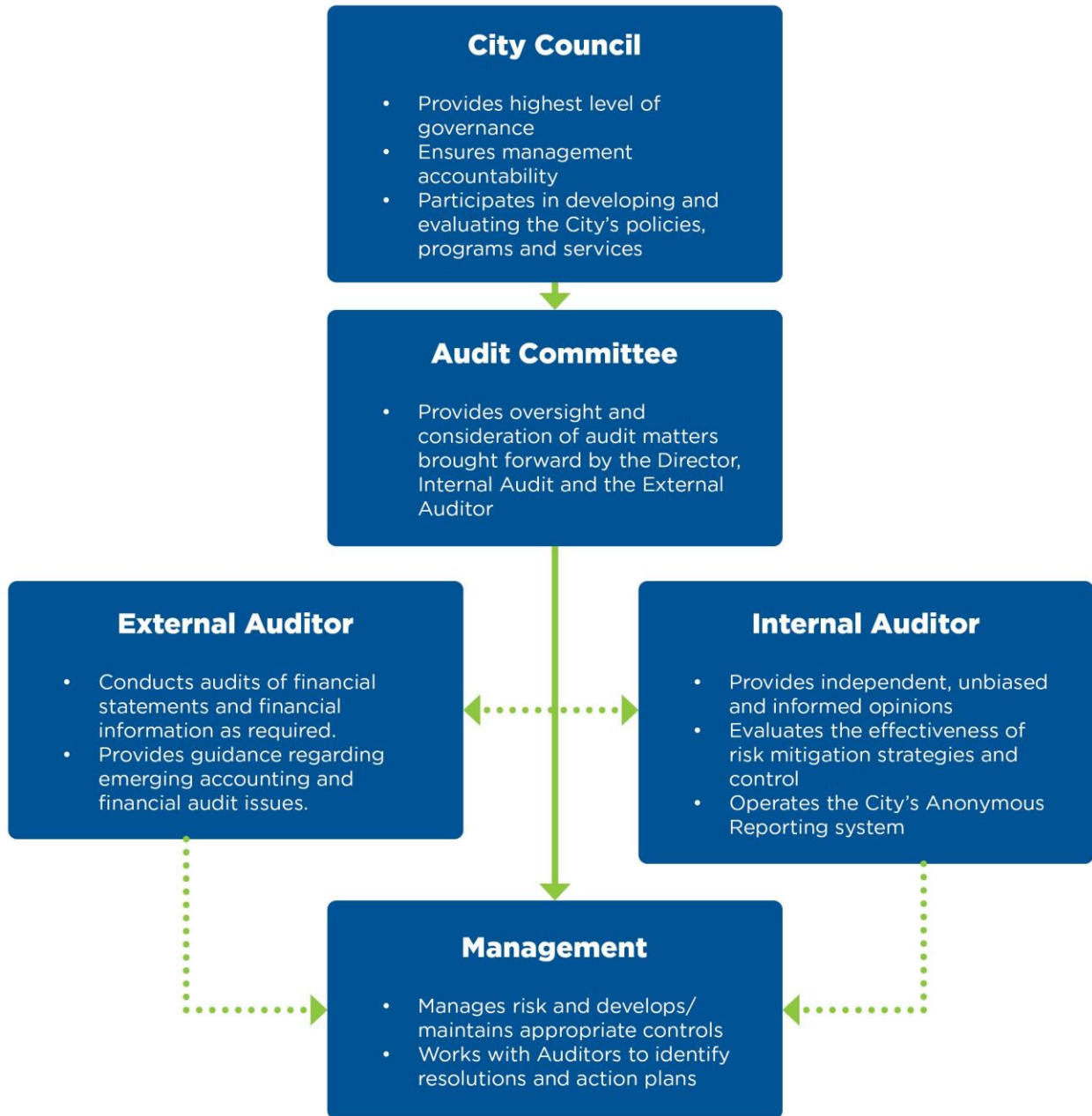
Due to internal audit's independence from management, the assurance it provides carries the highest degree of objectivity and confidence beyond that which those with first and second line roles can provide to the governing body, irrespective of reporting lines. Further assurance may also be drawn from external providers.

Effective governance requires appropriate assignment of responsibilities as well as strong alignment of activities through cooperation, collaboration, and communication. Council seeks confirmation through internal audit that governance structures and processes are appropriately designed and operating as intended¹.

¹ Extract from [The IIA's Three Lines Model: An Update of the Three Lines of Defence](#)

Governance Interrelationships:

The diagram below provides a high-level overview of the roles, responsibilities and the interrelationships of City Council, the Audit Committee, Management, Internal Audit and the External Auditor. Each group, both individually and collectively supports the City in effectively meeting its goals while providing assurance that City operations are being managed under the principles of good governance, effective risk management relevant and value-added controls and cost effectiveness.



ROLE AND EXPECTED OUTCOME OF A FULL SERVICE INTERNAL AUDIT FUNCTION

The following are the expected outcomes for a well-functioning internal audit function:

- Providing assurance that key risks that could harm the City are effectively managed.
- Providing assurance that key controls function as intended and support value to the City.
- Providing advice to City departments to help them develop risk mitigation strategies to better serve the public in service delivery.
- Providing education to support other departments in establishing and maintaining good governance, accountability and control.
- Supporting the City in its objective to maintain transparency and openness.

Internal Audit achieves these outcomes through two primary roles:

1. **Assurance Services Role** – These are engagements and projects designed to provide reasonable assurance, through review of existing operations and processes, that the City is managing resources effectively and efficiently, is in compliance with policies and legislation and that controls are properly functioning as intended.
2. **Consulting Services Role** – This role is proactive and forward thinking consisting of engagements and projects that focus on strategic and operational risk and control. These are primarily advisory assignments that offer a better opportunity to serve the changing needs of the City and help support better management of organizational risk.

2023 INTERNAL AUDIT ANNUAL REPORT

MEASURING PERFORMANCE

The following table outlines the Internal Audit Efficiency and Effectiveness Performance Metrics:

Performance Measurement Category	Measures of Efficiency	Measures of Effectiveness	Measures of Efficiency and Effectiveness
Service to Stakeholders	<ul style="list-style-type: none"> • Number of internal audit reports issued vs. planned engagements (100% initiation rate) • Anonymous Reporting System annual median case closure time (equal to or less than the NAVEX Global median average) • Average actual hours vs. budgeted hours, by project (target within 10%) 	<ul style="list-style-type: none"> • Percentage of audit recommendations accepted by management (100% target) • Review of Internal Audit governance structure (annual) • Acknowledgement of organizational independence (annual) • Successfully passing the Institute of Internal Auditors Quality Assurance and Improvement Program External Assessment (every 5 years) 	<ul style="list-style-type: none"> • Client survey scores (positive average result)
Technical Development		<ul style="list-style-type: none"> • Number of hours spent in industry or other specialized training (minimum of 40 hours for Certified Internal Auditors and 20 hours for Certified Fraud Examiners) • Percent of auditors involved in professional organizations (100% target). 	
Staff Development	<ul style="list-style-type: none"> • Tracking of development plan (plan vs. actual, on an annual basis) 	<ul style="list-style-type: none"> • Percentage of auditors with professional certifications (100% target) 	

2023 INTERNAL AUDIT ANNUAL REPORT

Internal Audit should effectively demonstrate its value as a key component of the City's governance framework and lead by example with strong, relevant and reliable performance measures. To maintain and enhance Internal Audit's credibility, its effectiveness and efficiency should be evaluated.

Both qualitative and quantitative metrics are important in demonstrating Internal Audit's performance.

Quantitative performance metrics are often based on existing or obtainable data and are easily understood. They often require less effort to collect and are readily comparable, year over year.

Qualitative metrics are often based on the collection of unique information through more time intensive methods such as survey research or interviews. They offer a broad view of performance on a range of topics that can provide depth to quantitative metrics.

Service to Stakeholders:

There are eight metrics under the Service to Stakeholders Performance Measurement category. Three of them are efficiency measures, four are effectiveness measures and one measures both efficiency and effectiveness.

Number of Internal Audit Reports Issued vs. Planned Engagements (100% Initiation Rate)

The Internal Audit Risk Based Work Plan for 2023 was developed using a risk assessment process that combined financial, reputational, compliance and operational criteria.

Sources for determining risk and plan priorities included discussions with senior management, insight from Council, financial significance, current and emerging risks in the local government sector, high profile issues in other municipalities, staff requests, themes from previous audits and investigations and significant change initiatives.

As internal auditing is a year-round activity, it is to be expected that some projects starting in the latter half of the year will extend into the next calendar year. However, it is expected that all projects will commence in the year that they are scheduled.

In 2023, all nine scheduled engagements were initiated. A total of eight reports were completed, presented and approved by Council through the Audit Committee in 2023.

Anonymous Reporting System Annual Median Case Closure Time (Equal to or Less than the NAVEX Global Median Average)

In 2023, reports were investigated and closed nearly six weeks faster than the Global Benchmark. The ability to investigate and close cases in a timely fashion helps foster a culture where concerns are taken seriously and builds organizational trust in the system.

2023 INTERNAL AUDIT ANNUAL REPORT

Actual Hours vs. Budgeted Hours, by Project (within 10% variance)

Budgeted project hours are based on best estimates and reflect historical experience. Risk based internal audits require significant client participation to identify risks, agree on issues and develop relevant and feasible management action plans.

Internal Audit has a time docketing process that effectively tracks engagement hours by project, by activity type.

In 2023, the average budgeted time allocated to a project was 633.3 hours. Actual average time spent on a project was 648.8 hours, a difference of 2.43%.

Percentage of Audit Recommendations Accepted by Management (100% Target)

This metric helps demonstrate the collaborative nature of a risk based internal audit. Internal audit engagements can be deemed successful when management participates in the process, concurs with the observations and recommendations, and is committed to addressing them through management action plans.

In 2023, Internal Audit achieved a 100% acceptance rate for all audit recommendations.

Review of Internal Audit Governance Structure and Acknowledgement of Organizational Independence (Annual)

Ensuring that the Internal Audit Department can perform its duties independently is vital to the effectiveness of the function. Further information on this topic can be found on pages 3 – 8 of this report.

Successfully Passing the Institute of Internal Auditors Quality Assurance and Improvement Program External Assessment (Every 5 Years)

Internal Audit conforms to the International Standard for the Professional Practice of Internal Auditing and the Code of Ethics adopted by the IIA, as well as the City's Code of Conduct and the Internal Audit Procedure Manual.

As part of conformance, the Director of Internal Audit is responsible for developing and maintaining a quality assurance and improvement program that covers all aspects of the internal audit activity. It is designed to enable an evaluation of the internal audit activity's conformance with the IIA Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The quality assurance and improvement program must include both internal and external assessments.

Internal assessments are conducted by the Director of Internal Audit and are an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments.

On January 24th, 2022, the Director of Internal Audit and a representative of the Institute of Internal Auditors co-presented the findings from the Internal Audit Department's first ever External Quality Assessment, which was conducted in October 2021. The external quality assessment evaluated whether the City's Internal Audit department is in conformance with the Institute of Internal Auditor's (IIA) Standards and Code of Ethics.

On January 25th, 2021, the Audit Committee approved that the external assessment be conducted by the IIA using the self-assessment with independent external validation approach. The self-assessment results indicate the City of Vaughan's Internal Audit activity is in conformance with the IIA's Standards and Code of Ethics and the IIA's independent validation concurred with the self-assessment results. Internal Audit received the top rating of Generally Conforms. Generally Conforms demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing. The self-assessment highlighted successful internal audit practices and identified opportunities for improvements. Based on the results, the next external assessment will be conducted in 2026.

Audit Client Survey Scores (Positive Average Result)

Surveys are an important tool that can be used to assess proficiency in certain skills, competencies, or knowledge exhibited by the Internal Audit Department staff. Survey feedback is an important element of our Quality Assurance and Improvement Program and helps measure satisfaction with the quality of services delivered and identify potential opportunities for improvement.

After the completion of each audit project, members of the management team directly involved in the audit process are asked to complete an Audit Client Survey. The 15-question survey asks for feedback on our performance and to identify areas where we can improve our operations. The survey focuses on how well we communicated throughout the audit, our understanding of the client's issues, the professionalism of our audit staff, and the quality of our findings. The survey results help Internal Audit determine whether the goals and objectives of the audit were met and measure client satisfaction with the quality of services delivered.

Internal Audit distributed a total of fifteen audit client surveys for the PCI Compliance Audit, Property Tax Audit, Finance Modernization Audit, Development Engineering Audit and Parks Operations Audit. We received 80% participation but received responses for all of these audits. The positive scores are a very strong indicator that Internal Audit is effectively delivering value added services to the City. The detailed results of this survey are summarized in Appendix A, which can be found at the end of the report.

Technical Development:

There are two effectiveness metrics under the Technical Development Performance Measurement category.

Number of Hours Spent in Industry or Other Specialized Training (Minimum of 40 Hours for Certified Internal Auditors and 20 hours for Certified Fraud Examiners)

Currently, Internal Audit staff possess one or more of the following professional certifications:

- Certified Internal Auditor (CIA)
- Certification in Risk Management Assurance (CRMA)
- Certified Fraud Examiner (CFE)
- Chartered Professional Accountant (CPA)

The IIA oversees several well-respected auditing certifications including the CIA designation. The CIA designation is the only globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their professionalism in the internal audit field.

The CRMA is designed for internal auditors and risk management professionals with responsibility for and experience in providing risk assurance, governance processes, quality assurance, or control self-assessment. It demonstrates an individual's ability to evaluate the dynamic components that comprise an organization's governance and enterprise risk management program and provide advice and assurance around these issues.

Individuals who have achieved the CIA and/or any other IIA designation are required to complete a minimum of 40 hours of Continuing Professional Education (CPE) every year. Of these 40 hours, 2 must relate directly to ethics.

The CFE credential denotes proven expertise in fraud prevention, detection and deterrence. CFEs are trained to identify the warning signs and red flags that indicate evidence of fraud and fraud risk. CFEs around the world help protect the global economy by uncovering fraud and implementing processes to prevent fraud from occurring in the first place. On an annual basis, CFE's must obtain a minimum of 20 credit hours of CPE; at least 10 of these must relate directly to the detection and deterrence of fraud and 2 must relate directly to ethics.

The CPA designation was created by the unification of Canada's three independent legacy accounting professions (CA, CGA and CMA) into the CPA, now Canada's only business and accounting profession. Working in collaboration with its provincial member organizations, the CPA supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government, and develops and delivers education programs. It also provides a range of member services and professional literature; undertakes research and development of intellectual property; issues guidance on risk management and governance; and fosters relationships with key stakeholders nationally and internationally. CPA and its provincial member organizations mandate is to protect the public interest by setting and enforcing the highest professional and ethical standards, to ensure that members are recognized as Canada's preferred financial leaders and advisors, and to support its members in their efforts to enhance their capabilities.

2023 INTERNAL AUDIT ANNUAL REPORT

CPA's are required to complete a minimum of 20 hours of Continuing Professional Development (CPD) a year. The CIA CPE requirements fulfil the CPA CPD requirements.

Percent of Auditors Involved in Professional Organizations (100% Target)

In addition to the professional organizations mentioned above, all members of the City of Vaughan's Internal Audit Department are members of the Municipal Internal Auditors Association (MIAA). The purpose of MIAA is to provide a professional forum for the purposes of networking, continuing education and exchanging ideas and best practices with other municipal internal auditors. MIAA hosts educational events twice a year.

The completion of the yearly CPE requirements and maintaining active membership in the associated professional organizations helps ensure that the City's Internal Audit Department staff remain up to date on the latest municipal, business, auditing, risk management, fraud prevention and detection techniques and trends.

In 2023, all Internal Audit staff met their respective CPE/CPD requirements and all members are in good standing with their respective professional organizations.

Staff Development:

There are two metrics under the Staff Development Performance Measurement category. One is an efficiency measures and one is an effectiveness measure.

Tracking of Development Plan (Plan vs Actual, Annual Basis)

The Director of Internal Audit is responsible for evaluating staff performance on an annual basis, using the City's existing Halogen Talent Management Program. The City's Halogen Talent Management System integrates employee goals, competencies, performance feedback, appraisal, and learning and development. It provides integrated and timely information, feedback, communication and reporting. Through the performance planning and evaluation process, Internal Audit aligns work activities to the Department's Risk Based Work Plan while developing and monitoring individual performance, achievements, competencies and opportunities for development.

Percent of Auditors with Professional Certifications (100% Target)

All Internal Audit staff are required to possess at least one certification that is directly related to their responsibilities. Through the City's Halogen Talent Management Program, staff are encouraged to continue to explore development opportunities and additional certifications.

COMMON THEMES AND ISSUES – ANALYSIS OF 2023 INTERNAL AUDIT REPORTS

Individual internal audit reports can be useful in advising management the Audit Committee and Council on risk and control issues that may affect the successful operation of a program, process or department. Individual reports, however, do not always address broader risk and control themes. Similar issues may arise over a series of reports that could point to a more systemic or reoccurring set of issues requiring a more organizational or holistic perspective of risk and control. Identifying themes and addressing them holistically helps better address systemic causes.

A total of eight reports were completed and presented to the Audit Committee in 2023.

The top themes that emerged are:

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 to achieve the City's Term of Council Priorities and Strategic objectives.
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. Continue to address the impacts of new legislation and how they may impact internal processes and service delivery.

The top four themes continue to be identified in almost every audit report, year over year.

Internal Audit will continue to report on reoccurring themes on an annual basis, as per the City's Internal Audit Policy.

ANONYMOUS REPORTING SYSTEM – ANNUAL UPDATE

Background and Purpose:

The City's Anonymous Reporting System was implemented on April 15, 2014 as an additional mechanism for employees to confidentially and anonymously report suspected fraud and code of conduct violations.

Report intake is operated independently by a third party and is accessible by internet and toll-free phone number. It is available 24 hours a day, 7 days a week.

An employee who chooses to file a report is asked to create a password and is provided with a unique case tracking number so that they can log back into the system to follow the progress of their report, provide further details and to answer any questions posed by the investigator, a member of the City's Internal Audit team. Depending on the nature of the issue, management may be required to assist Internal Audit with an investigation.

The City's service provider, NAVEX Global, anonymizes the hotline data collected through their hotline and incident management systems every year and creates an annual Risk and Compliance Hotline Benchmark Report. For statistical accuracy, the analysis includes only those organizations that received 10 or more reports in 2023. The resulting database includes 3,784 organizations that received a total of over 1.86 million individual reports.

Due to having the world's largest and most comprehensive database of reports and outcomes, the City can rely on the NAVEX Global benchmarks. Comparing the City's anonymous reporting use to the NAVEX Database is a good indicator to help gauge the success of the City's program and opportunities for improvement.

Performance Criteria:

Overall, staff use of the Anonymous Reporting System continues to meet expectations based on the measurement criteria used to benchmark the City's use to the NAVEX Database.

The criteria include:

- Report Volume per 100 Employees
- Report Allegation Categories and Substantiation Rates
- Reporter Follow-up Rate
- Anonymous vs Named Reporters
- Case Closure Time

2023 INTERNAL AUDIT ANNUAL REPORT

Report Volume per 100 Employees

Report volume per 100 employees is a measurement that enables the City to estimate the number of potential reports it will receive in a given year.

In 2023, the NAVEX Database median reports from web & hotline intake per 100 employees decreased slightly from 1.08 to 1.07. Based on this statistic and the number of full-time employees in the City of Vaughan and Vaughan Public Libraries [approximately 1500], we would have required approximately 16 reports in 2023 to be at the median. The City received a total of 6 reports in 2023, down 1 report from the 7 we received in 2022.

Since the system was introduced, we have received a total of 146 reports, which averages to approximately 14.6 reports per year.

On May 8th, 2024, Internal Audit participated in the City's Safety, Health and Emergency Preparedness Week event, hosting a booth to engage with staff about the City's Anonymous Reporting system and to hand out promotional materials about the system.

Internal Audit will also continue to partner with Corporate and Strategic Communications to ensure staff continue to be aware of and how to use the Anonymous Reporting System.

Report Allegation Categories and Substantiation Rates

Allegation category reporting helps identify themes and trends. Comparing the results to those of the NAVEX Database helps determine if the City has different themes that might point to specific issues. Receiving below typical volumes could speak to a need for more training or awareness, while receiving above typical volumes could indicate an area where there is risk to be addressed.

Substantiation Rate is a measurement that reflects the rate of allegations made which could be determined to have at least some merit. At the City, all allegations are initially considered to have merit until they have been reviewed and concluded. During the investigation process, some reporters may not have provided enough information or not responded to questions posed by the investigator. This may shift the allegation to the unsubstantiated category. In addition, if the conclusion does not support the allegation, then the case is considered unsubstantiated.

Based on the 6 reports received:

- None of the reports received were related to accounting, auditing and financial reporting issues such as financial misconduct, internal controls and expense reporting. The 2023 NAVEX Database median comparison for this category is 4.3%. The 2023 NAVEX Database substantiation rate for this category is 50%.
- One report (or 17%) received related to business integrity issues such as conflict of interest, policy violation and vendor/customer issues. The 2023 NAVEX Database median comparison for this category is 19.7%. As of writing, we are still investigating this matter. The 2023 NAVEX Database substantiation rate for this category is 50%.

2023 INTERNAL AUDIT ANNUAL REPORT

- One report (or 17%) received related to HR, diversity and workplace respect issues such as hiring irregularities, discrimination, harassment and favouritism. The 2023 NAVEX Database median comparison for this category is 54.5%. This report was substantiated. The 2023 NAVEX Database substantiation rate for this category is 40%.
- None of the reports received were related to environmental, health and safety. The 2023 NAVEX Database median comparison for this category is 6.1%. The 2023 NAVEX Database substantiation rate for this category is 57%.
- Two reports (or 33%) related to the misuse or misappropriation of corporate assets including theft and time abuse. The 2023 NAVEX Database median comparison for this category is 3.8%. None of these reports were substantiated. The 2023 NAVEX Database substantiation rate for this category is 50%.
- Two reports (or 33%) received fell into the “other” category. The 2023 NAVEX Database median comparison for this category is 13.3%. Both were inquiries that did not lead to investigations. The 2023 NAVEX Database substantiation rate for this category is 33%.

In 2023, one (or 25%) of the four reports received that led to investigations were substantiated. As of this writing, one more of these reports is still in the process of being investigated. The 2023 NAVEX Database overall substantiation rate comparison is 45%. Our overall substantiate rate since the system was implemented is 23.9%.

It should be noted that not all substantiated reports reflect unethical conduct. It may reflect the absence of or non-enforcement of policy/procedure or improper application of a business process. In addition, an unsubstantiated report does not necessarily mean that the report was without merit. For many of the unsubstantiated cases, we were unable to substantiate the report due to insufficient details or evidence. An unsubstantiated report can still highlight potential risks and control weaknesses that may need to be addressed.

Reporter Follow-up Rate

Another measurement that has a direct impact on Substantiation Rates is the Reporter Follow-up Rate. This rate indicates the percentage of reporters who followed-up on their report submission. There is a greater risk that cases will be deemed unsubstantiated when reporters do not follow up on their reports, as specific detail that may be required to conduct a thorough investigation may inadvertently be withheld. In 2023, 80% of all reporters followed up on their report. This compares favorably to the 2023 NAVEX Database rate of 27%.

Anonymous vs Named Reporters

The Anonymous vs Named Reporters rate shows the percentage of all reports submitted by individuals who chose to withhold their identity.

The trend of reporters choosing to remain anonymous continues as all of the reporters chose to remain anonymous. The 2023 NAVEX Database rate is 56%. NAVEX also reports that smaller organizations tend to register higher levels of anonymity. In 2023, organizations with fewer than 10,000 employees experienced 55% to 59% anonymity levels. Organizations with more than 50,000 employees ranged between 44% to 50% anonymity.

Factors influencing anonymity include the level of trust participants have that their information will remain confidential, the significance of the issue being reported and the confidence that the report will be acted on.

NAVEX has also identified that web reports are more likely to be anonymous as there is no rapport building via the web as compared to speaking directly with a person. However, web reports are more likely to be substantiated than phone reports. Taking the time to thoughtfully write down their experiences or observations provides a more actionable report regardless of whether the reporter is anonymous and highlights why accepting anonymous reports is important.

Case Closure Times

Case Closure Time is the number of calendar days it takes an organization to complete an investigation and close a case.

Earning employee trust is not a simple task, especially when it comes to many of the sensitive topics that are reported. Ensuring that employees know their concerns are important and are being seriously considered is a vital step towards that task. If months go by without resolution, or weeks go by without indication of action, reporters can feel that their concerns are not being heard and the credibility of the program can be damaged or lost.

In 2023, our median case closure time was 6 days. This compares favourably to the 2023 NAVEX Benchmark of 45 days. Our average case closure time was 26.7 days. The ability to investigate and close cases in a timely fashion helps foster a culture where concerns are taken seriously and builds organizational trust in the system.

STATUS OF MANAGEMENT ACTION PLANS - ANNUAL UPDATE

Background and Purpose:

Follow up of Internal Audit recommendations through Management Action Plans (MAPs) is performed to ensure that management actions have been effectively implemented and appropriate controls and processes have been put in place to mitigate risks identified during the audit.

For every recommendation, management provides Internal Audit with the name of the individual who is accountable and responsible for implementing the MAPs and an estimated completion date. Internal Audit assesses the estimated completion date for reasonableness and timeliness of the action, based on the assessed risk.

The individual who is accountable for implementing the MAPs provides Internal Audit with a written update on their progress shortly before the implementation deadline approaches. The update includes whether each MAP has been completed, is still in progress, or is not yet started. If a MAP has been completed, Internal Audit will verify that the action plan addresses the risk outlined in the report. Internal Audit staff also follow-up quarterly with management on the status of their action plans.

Management provides a detailed explanation if an action plan is still in progress or not yet started and provides a new estimated completion date. Internal Audit assesses the new estimated completion date for reasonableness and timeliness, based on the assessed risk.

Council requested that Internal Audit provide an annual report on the status of completed and outstanding management action plans to address audit report recommendations.

Scope:

The scope of this update includes 23 outstanding audit reports containing 168 recommendations approved by Council from February 2016 through December 2023. As of May 14th, 2024, management has fully implemented 101 of those MAPs, or 60%. A total of 67 MAPs, or 40% are in progress. A table summarizing the number of audits with outstanding actions issued by report is included as Appendix B, which can be found at the end of the report.

The following are comments regarding those MAPs that are in progress:

CORPORATE OVERTIME AUDIT

The Corporate Overtime Audit report was presented to FA&A on February 1, 2016. The report contained five recommendations. Three (or 60%) of the audit recommendations remain outstanding.

According to the Chief Human Resources Officer, the audit recommendations have been substantially completed. A Time & Labour project which includes a plan to upgrade the current Enterprise Resource Program (JD Edwards) with time entry and employee self-service features was completed in May 2023 for most of the City and employee self-service and manager self-service were implemented in June 2022. The JDE Project Team is working with Vaughan Fire and Rescue Services and Recreation Services to define their unique system

2023 INTERNAL AUDIT ANNUAL REPORT

needs and additional functionality to determine the best deployment approach for their time and labour requirements.

Departments continue to review their overtime usage and impacts on costs and service delivery and continue to make appropriate operational or scheduling changes to address such. Overtime hours and costs are also reported to portfolios/departments. The Office of the Chief Human Resources Officer continues to focus a lot of effort on employee wellness throughout 2023. The City's total health strategy has focused on the four total health pillars – physical, mental, social and financial – through a lens of health equity that is embedded into the wellness strategy. The Wellness@Vaughan Committee continues to create greater awareness of the Wellness Strategy, provide valuable resources and encourage staff participation in exciting wellness initiatives. During each quarter of 2023, the committee implemented theme-related activities, challenges and tools for staff.

The time and labour initiative will enable enhanced and/or real-time data availability and collection to further address overtime issues on top of what departments are already doing and will be used going forward to further analyze and examine what drives overtime costs and the impact on service delivery and employee wellness.

ANONYMOUS REPORTING SYSTEM ANNUAL REPORT - 2016

The Anonymous Reporting System annual report was presented to FA&A on May 30, 2016. The report contained three recommendations.

One (or 33%) of the audit recommendations remain outstanding.

Providing an anonymous reporting mechanism to the public, including Vaughan residents, vendors and visitors, is an approach that may help mitigate the risk of unethical behaviour and would reiterate the City's commitment to corporate governance, accountability and transparency. The Director of Internal Audit was tasked with doing further research into the possibility of expanding the Anonymous Reporting System to the public and bring back a report on the best practices in other jurisdictions and a recommended approach. Internal Audit has completed the research on this topic and concludes that the City should expand this program to the public. Now that the roll-out of the Ethics and Compliance program has been completed, an implementation plan to expand the anonymous reporting system will be created and implemented in 2025.

SOCIAL MEDIA AUDIT

The Social Media Audit report was presented to FA&A on March 6, 2017. The report contained four recommendations.

One (or 25%) of the audit recommendations remain outstanding.

According to the Director of Communications, Marketing and Engagement, the policy/framework is in progress. A social media policy and framework have been drafted and further updated. Additional next steps on how to best move forward with the policy and framework are anticipated to be determined by the end of 2024.

2023 INTERNAL AUDIT ANNUAL REPORT

EVENT MANAGEMENT AUDIT

The Event Management Audit report was presented to FA&A on June 6, 2017. The report contained nine recommendations. All recommendations have now been fully implemented.

WINTER MAINTENANCE AUDIT

The Winter Maintenance Audit report was presented to FA&A on June 6, 2018. The report contained seven recommendations. All recommendations have now been fully implemented.

FACILITY MANAGEMENT AUDIT

The Facility Management Audit report was presented to CW2 on November 19, 2019. The report contained five recommendations.

Three (or 60%) of the audit recommendations remain outstanding.

According to the Director, Facility Management, a department reorganization has been completed that better aligns the department to support and advance corporate objectives. Administration for all leases of City owned buildings has been transferred to the Real Estate (RE) department. Facility Management continues to work with RE to improve overall management of leases and licenses. Consultants have been retained to develop a leasing strategy for the city.

Risk based preventative, predictive and demand maintenance programs continue to be developed. The new JDE Work Order System has now been implemented for Facility Management. This system is an important program which provides the platform to support the preventative maintenance program and as it develops will allow for the predictive maintenance program to advance.

Facility Management continues to implement improvements that enhance the management and administration of contracts. The 2024 operating budget includes an Administration & Contract Management Supervisor position. This position is key to advancing the initiative further.

CONSULTING SERVICES AUDIT

The Consulting Services Audit report was presented to CW2 on May 20, 2020. The report contained six recommendations. All recommendations have now been fully implemented.

BY-LAW & COMPLIANCE, LICENSING & PERMIT SERVICES AUDIT: PHASE 1

The first phase of the By-law & Compliance, Licensing & Permit Services Audit report was presented to CW2 on September 22, 2020. The report contained six recommendations. All recommendations have now been fully implemented.

IT SECURITY AUDIT

The IT Security Audit was presented to the Audit Committee on May 31st, 2021. The report contained eleven recommendations. All recommendations have now been fully implemented.

2023 INTERNAL AUDIT ANNUAL REPORT

VFRS MECHANICAL DIVISION REVIEW

The VFRS Mechanical Division Review was presented to the Audit Committee on November 22, 2021. The report contained fifteen recommendations. Seven (47%) of the audit recommendations have been completed.

VFRS continues to work to implement the recommendations in the management action plan. The fleet software program has been purchased and the department is in the process of capturing information to upload into the system. Furthermore, VFRS has worked with Asset Management to develop a 20-year replacement plan for the inventory. This will be presented to council in 2024. Lastly, VFRS is using the FUS (Fire Underwriters Survey) to determine replacement cycle and ensure it is compliant with insurance companies.

BUILDING STANDARDS AUDIT: PHASE 2

The Building Standards Audit Report Phase 2 was presented to the Audit Committee on April 25, 2022. The report contained four recommendations. One (23%) of the audit recommendations remain outstanding.

Recommendation No. 4 – Develop and Implement an Action Plan to Monitor and Resolve Inactive Building Permits

Management is working with Legal Services to repeal and replace Building By-law 050-2018. One of the changes is the inclusion of a new category in SECTION 7 – Fees, Charges and Refunds called ‘open permit maintenance fee’ which will address open/dormant permits. The ‘Outstanding Building Permits Policy’ (June 2008) will also be repealed. The proposed changes to the Building By-law will be introduced to the Building Industry and Land Development Association (BILD) through the Development Liaison Committee in Spring and will then be brought to Council in a Report in June whereby a new Building By-law will be enacted.

VAUGHAN ANIMAL SERVICES AUDIT

The Vaughan Animal Services Audit was presented to the Audit Committee on April 25, 2022. The report contained ten recommendations. All recommendations have now been fully implemented.

FLEET MANAGEMENT SERVICES AUDIT

The Fleet Management Services (FMS) Audit was presented to the Audit Committee on June 13, 2022. The report contained six recommendations. Five recommendations remain outstanding, but all are in progress.

According to the Manager of Fleet Management Services, the Department has procured a Fleet Management Information System. The implementation is ongoing and expecting completion in Q4 2024. Additionally, the AVL upgrade is 100% complete and a new AVL provider was onboarded in 2023.

FMS onboarded a Consultant in January 2023 to develop progressive strategic staffing plan, complete a functional needs assessment, a short-term plan to address physical limitations to

2023 INTERNAL AUDIT ANNUAL REPORT

operational facilities, and longer-term facility recommendations (needs) to effectively accommodate a growing fleet. Further, a draft Green Fleet Framework has been developed. The Consultant will help in the development of a Fleet Emission baseline and green vehicle replacement plan. The Green Fleet Framework will be updated based on the Consultant report recommendations expected by Q2 of 2025. FMS will be proposing to recruit a Fleet Services Technologist as a part of the Green Fleet Framework.

The Fleet policy is 85% complete and FMS is currently engaging traffic, finance, HR and legal for implications of Automated Speed Enforcement and Red Light Cameras on the City and its drivers. Expected completion of the policy is Q4-2024.

EMERGENCY MANAGEMENT AND BUSINESS CONTINUITY AUDIT

The Emergency Management and Business Continuity Audit was presented to the Audit Committee on June 13, 2022. The report contained eleven recommendations.

Four (or 36%) of the audit recommendations remain outstanding.

A Business Continuity Planning (BCP) Working Group has been established to create a Governance Framework and address the audit recommendations. The BCP framework is progressing well and is being aligned to the ISO22301 standard. The framework includes defining essential services, training for staff and analysis of the impacts of business interruption events on City services. The Working Group's mandate is targeted to end Q4-2024. The Working Group is also evaluating potential BCP software solutions in 2024.

VENDOR MASTER FILE AUDIT

The Vendor Master File Audit was presented to the Audit Committee on June 13, 2022. The report contained seven recommendations. Two (or 29%) of the audit recommendations remain outstanding.

According to the Director of Finance and Director of Procurement, Supplier Master File Policy and Procedures documents have been developed, and shared across the City on March 13, 2024. Management confirms it has configured access rights for Financial Services and Procurement Services to eliminate the segregation of duties concerns that were identified during the audit, including the development of a responsibility matrix. Management plans to review the responsibility matrix on an annual basis going forward.

As part of the administration and oversight of supplier data, an automated tool has been configured to expire inactive vendors within 450 days of inactivity. On an annual basis, Procurement Services and Financial Services will review the duplicate Suppliers report, and rectify any Supplier duplicates. Management has defined and documented the critical data elements for supplier creation, update and reactivation in the policies and procedures. Training and job aids are provided for staff to apply the standard elements going forward. Procurement Services developed a web-based interactive dashboard reporting tool, to facilitate departmental access to information and analysis of Low Dollar Module (LDM) transactions. Procurement will be performing regular reviews of LDM and P-Card spend going forward. Procurement has developed a new Low Dollar Purchase Policy in 2023. A JD Edwards report has been created that captures changes to vendors and records the last time

2023 INTERNAL AUDIT ANNUAL REPORT

a vendor expired due to the automated tool expiring a vendor. Updates to system access have reduced the number of individuals who can reactivate a vendor.

Procurement Services has updated the Supplier Form for creation, update, and reactivation of suppliers. The Supplier Master File Procedure specifies when the form should be used. OCIO, Financial Services and Procurement Services are in the process of investigating the feasibility of including this form into an online workflow to further automate the process.

Medical forms are now paid out of the expense reimbursement clearing account to cover employee medical expenses, and JD Edwards captures the nature of the expense. A safety boot reimbursement tracking sheet has also been developed which tracks purchase amount and date, including the next eligible employee boot reimbursement period.

ACCESIBILITY AUDIT

The Accesibility Audit was presented to the Audit Committee on September 19, 2022. The report contained six recommendations with thrity action items. Progress has been made, with 25 action items completed, five in progress, and one set to begin in Q4 2024.

A significant achievement in 2023 was the completion and ratification of the City's [2023-2027 Multi-Year Accessibility Plan \(MYAP\)](#). A critical aspect of this accomplishment was the extensive stakeholder engagement used to gain insights into the perspectives of community members, Council members, and staff to develop the plan. The stakeholder engagement strategy involved conducting interviews with various stakeholders, including community organizations, individuals, and Council members. Additionally, community members were encouraged to share their accessibility stories through an online portal, and a workplace-focused staff survey was conducted. Consultation and insights from the Accessibility Advisory Committee (AAC) further enriched our understanding. The stakeholder engagement conducted for the 2023-2027 MYAP marks a foundational step for future MYAP, laying the groundwork for actively involving the community in the development process. To further streamline MYAP-related projects and activities, efforts have been made to align it with the City's corporate OKRs (Objectives and Key Results) reporting.

Initiatives such as the Site Plan Review Process and the Accommodation Policy have been in progress. While the Accessible Customer Service Policy, Disability Management Program update, and the implementation of a biennial policy review schedule have been established.

In the realm of staff development, the City has launched various Accessibility for Ontarians with Disabilities Act (AODA) related eLearning, including courses on the Code and AODA, General Standards, Information and Communication Standards, Customer Service Standards, Employment Standards, Transportation Standards, and Public Design Standards, on the City's Learning Management System (LMS) to ensure comprehensive staff training and compliance tracking.

The City is in progress with the Accessible Information and Communication project, aligning with the AODA Information and Communication Standard. The key objectives of the project include: (1) Evaluating accessibility compliance to identify areas of opportunity and establish a baseline for future improvements; (2) Developing recommendations and implementation plans to ensure the City exceeds the AODA Information and Communications Standards; and (3) Building staff capacity through training focused on producing inclusive digital content across

2023 INTERNAL AUDIT ANNUAL REPORT

diverse platforms and formats, while promoting the use of inclusive and plain language guides and best practices. As part of the ongoing efforts in this initiative, a Request for Proposals (RFPs) was created and posted at the end of 2023. Additionally, a new eLearning module on 'Creating Accessible Digital Content' has been procured and is scheduled to launch for all staff in Q1 2024.

A significant step towards ongoing accessibility is the incorporation of regular independent accessibility assessments and certification into the development of future MYAPs. Collaborating with the Facilities Management and Building Standard departments, an initial assessment report of City buildings has been completed, providing a comprehensive list of remediation activities to be completed by 2030. Prioritization efforts are underway, with a final report expected in Q1 2024. Once completed, Facilities Management and the DEI team will work on the development of a walk-through schedule for sites being upgraded.

Furthermore, the City of Vaughan implemented a streamlined feedback process. Individuals with disabilities can provide feedback via accessibility@vaughan.ca, an Accessibility Feedback Form, or TTY-enabled phone options. Subject matter expertise and stakeholder engagement are integrated as required. The updated [feedback process was launched with the new website](#) in early 2023, showcasing the City's commitment to accessibility and continuous improvement.

The remaining recommendations are expected to proceed as scheduled over the next year.

SERVICE VAUGHAN AUDIT

The Service Vaughan Audit was presented to the Audit Committee on September 19, 2022. The report contained four observations with eleven recommendations for Service Vaughan to develop effective operational & staffing strategies, leverage technology, develop SOPs and improve staff training, and develop a strategy to engage service partners.

To address the recommendations, the Service Vaughan Leadership Team developed a management action plan with a total of thirty-one activities. With almost 60% of these activities completed or in progress, Service Vaughan staff continue to collaborate with the Internal Audit department to fulfill the priorities within the management action plans.

These components are aligned with Service Vaughan's mandate and the Service Vaughan Customer Service Strategy. Delivering on this action plan and focusing on the strategy will result in the continuation of effective wait time management, improved first point-of-contact resolution and expansion of the CRM technology (including but not limited to increased use of the dashboard and collaboration with internal and external stakeholders to ensure an overall improved resident experience).

Based on this total, ten (or 32%) of the activities have been completed, eight (or 25%) of the activities are in progress, and thirteen (or 41%) of the activities are not yet started.

CONSTRUCTION AUDIT OF THE CARRVILLE CC, LIBRARY AND DISTRICT PARK: PHASE 1

Phase 1 of the Construction Audit of the Carrville Community Centre, Library and District Park was presented to the Audit Committee on September 19, 2022. The report contained seven recommendations. Four (or 57%) of the audit recommendations remain outstanding.

Management provided the following updates:

Enhancements to the Project Change Approval Process are underway. These include requiring a Project Change Approval Form (PCAF) to be completed when budget shortfalls are encountered prior to awarding a contract. Project Change Control Trigger criteria have been updated, including development of Project Change Approval guidelines and procedures documentation. The Project Change Approval Process currently requires all options be presented to the Program Management Committee. In cases where decisions can only be made by Council, the PCAF will be leveraged to communicate project change information to Council, including options for Council direction. An external consultant has been engaged, and work is underway to enhance the criteria for when reevaluation of a business case or project charter is required. Additional criteria will be developed to identify when significant scope, cost, quality or schedule changes require Council approval.

Procurement templates include liquidated damages provisions in construction contracts. Liquidated damage provisions will continue to be included in all construction contracts by default. As part of the enhancement of the PMO Framework, the Program Management Office, in consultation with Procurement Services and Legal Services, will develop a framework, methodology, tools and/or processes to assess, evaluate and calculate the applicability of liquidated damages. Furthermore, qualitative and quantitative factors for management to assess when justifying the exclusion of liquidated damage provisions from construction contracts will be developed. Procurement is currently benchmarking with other municipalities as to how and when liquidated damages are used in their contracts and will share information to see what best practices can be implemented.

Procurement Services has developed a Fairness Monitor Policy, which took effect on July 1, 2023. The policy includes criteria for assessing rationale for engaging a fairness monitor, along with a Fairness Monitor Assessment procedure to facilitate assessment. Enhanced guidelines for the composition of bid evaluation committees were incorporated into a new Bid Evaluation Policy, which took effect on August 28, 2023.

Terms of Reference outlining the process to request, review and approve design and construction standard deviations have been developed. It provides a formalized process for approval of product, standards and design criteria which may require a change to design criteria. Management is developing a recurring review and update process of the Design and Construction Standards document.

PMO has initiated a project to enhance the project and program delivery methodology. This will include processes, procedures, governance and tools to standardize project delivery within the organization. To date the PMO has focused efforts and prioritized procedures associated with project identification, monitoring, control and change. An external consultant has been engaged to assist in the development of these key project management methodologies, with an anticipated project completion of June 2024.

2023 INTERNAL AUDIT ANNUAL REPORT

PCI COMPLIANCE AUDIT

The PCI Compliance Audit Report was presented to Audit Committee on January 30th 2023, The report contained 18 recommendations. Three (or 17%) of the recommendations remain outstanding.

The City hired a PCI DSS Program Lead, established the PCI DSS Compliance Team as well as developed and documented a comprehensive PCI DSS Compliance program to address the City's PCI DSS compliance. The program includes the following key components:

- Governance Structure
- Formally Defined Scope
- Policy
- Awareness Training
- Technical Controls
- Key Performance Measures
- Risk Management And Remediation
- Workplan

The team worked with all vendors that provide payment processing services to the City and collected all artifacts that are required to prove their PCI DSS compliance. The team is also working with internal stakeholders to ensure their staff are appropriately trained on handling payment card transaction in accordance with the standards. The team worked on forming the Enterprise Governance of IT Committee. The Committee's objectives are to determine policies, directives, review major risk and to serve as a final escalation point for the PCI DSS Compliance Team.

The team is currently working with internal stakeholders to consolidate the payment taking activities to designated locations to ensure compliance of card-not-present transactions. A decision document that outlines several options based on the affected department's requirements was created and presented to stakeholders. The team's recommendations were accepted by all stakeholders. The anticipated completion of the telephone and PC based payment consolidation is Q3 2024.

The team is also on track to conduct the PCI DSS SAQ compliance re-assessment to confirm compliance status in Q2 2024.

PROPERTY TAX AND ASSESSMENT AUDIT

The Property Tax and Assessment Audit was presented to the Audit Committee on May 29, 2023. The report contained four observations with six recommendations to enhance controls over system access control and system access; explore opportunities to provide on-line services to property taxpayers; develop corporate performance measures and develop formal standard operating procedures for operational and training activities.

All recommendations remain outstanding but are in progress with the original target dates.

2023 INTERNAL AUDIT ANNUAL REPORT

Management is in discussions with the vendor and OCIO with respect to TXM enhancements. Performance measures are being developed and policies and procedures for operational activities and training have been drafted.

FINANCE MODERNIZATION AUDIT

The Finance Modernization Audit was presented to the Audit Committee on May 29, 2023. The report contained six recommendations, all of which are in progress.

According to the Manager, Strategic Portfolio Management, progress was being made on the development of a 5-year Road Map, however this effort encountered a setback due to vendor performance issues with the JDE Implementation Program. As a result, the Road Map development was temporarily put on hold. Our current priority is now to assess the feasibility of completing the remaining deployments within the JDE Implementation Program and ensuring the necessary subject matter experts within OCIO can provide guidance to develop the roadmap. Once the assessment is completed and OCIO subject matter experts are in place, we will have a clearer understanding of how to proceed with the Finance Modernization Program and resume work on the 5-year Road Map. Our target date for completing the 5-year Road Map is now Q4 2024. We are committed to ensuring that this strategic document is comprehensive and aligns with our organizational goals and priorities.

During the 2024 budget process, an ARR was submitted and subsequently approved for a JDE System Analyst/Project Leader position. We have initiated the recruitment process for this role. Our efforts to refresh the JDE (JD Edwards) Strategy are underway and are expected to conclude by Q4 2024. Despite challenges related to employee turnover and vendor performance issues, we remain committed to this endeavor. There are currently 2 business analysts working on the Finance Modernization Program to continue to explore improvements, streamline processes, reduce duplication, initiate greater employee productivity, and ultimately support business information systems that provide solutions to a variety of business issues across multiple departments.

A lessons learned session was conducted for Time and Labour and a report was generated. The information provided within the report will be taken into consideration for future deployments. The program team is currently assessing the viability of deploying to other groups within the organization.

We are in the pre-project phase of implementing a Work Order Management system in collaboration with Public Works. A Program Change Approval Form is currently in development, addressing the need to modify the scope from the original deployment in 2023 and establishing a new program specifically tailored for Public Works. Our team is actively collaborating with Public Works to ensure thorough documentation of requirements and alignment with departmental needs.

According to the Director of the Program Management Office, the Program Management Framework has been completed. Documentation of procedures, guidelines, and tools to support the Program Management Process will be done by Q4 2024. This will include conducting orientation and information sessions to introduce new processes to Staff, including Program Management Methodology and reporting Dashboards to selected portfolios.

Terms of reference for Business Cases will be provided to Governance Committee by Q2 2024, with Business Case processes, procedures, templates, and tools available by Q3 2024.

Additionally, Risk Assessment Guidelines have been developed and are with the consultant, pending any updates. These guidelines are intended to assist the Project/Program Manager to complete the risk assessment for projects and programs. Risks are initially identified during the chartering process and then monitored throughout the project and program life cycle monitored and updated.

DEVELOPMENT ENGINEERING AUDIT

The Development Engineering Audit was presented to the Audit Committee on October 2, 2023. The Audit Report contained six recommendations. One (or 17%) of the six recommendations are complete.

According to the Director of Development Engineering, all action items are currently in effect or shall be implemented per the planned remediation schedule. Recommendation updates are as follows:

1. Continue Collaborating with Stakeholder Departments to Address the Impacts of New Legislation

Management actively participates, interacts, and collaborates with peer municipalities through professional working groups such as Municipal Engineers Association (MEA), the Development Liaison Committee as well as meet with individual municipal representatives to benchmark structure, processes, and best practices.

DE will begin liaising with stakeholder departments to create and formalize Service Level Agreements (SLA's) to improve service delivery timelines.

2. Strengthen Overall Governance and Oversight of the Department and Key Processes

Staff performance goals and ongoing one-one-one meetings are diarized and in place to benchmark and review project progress to ensure major tasks and/or milestones are met.

Phase I of the Agreement Modernization project is complete and has created efficiencies by: introducing the Municipal Services By-Law, transfer Delegated Authority to the DCM of Infrastructure Development and by way of consultation with the development Industry. Council received and endorsed the changes in December 2023. Phase II is underway, and the next steps are:

- Introduce the new agreement templates to DE staff – March 2024.
- Public meeting to receive comments re: Municipal Services By-Law on March 5, 2024.
- Digitization and process review of agreements began in Q1, 2024.

This recommendation is complete.

3. Continue Developing Dashboards and Other Mechanisms to Measure Department Performance and Public Satisfaction

The development of DE dashboards remains a key priority for the department and is laid out in a four-phase project. Updates are as follows:

2023 INTERNAL AUDIT ANNUAL REPORT

Phase 1: Permits, permit status & inspection revenue - dashboard complete

Phase 2: Development application review time & financials – dashboard design is underway.

Next steps are:

- work with the prototype for feedback and improvements.
- Reporting templates and schedules to be drafted.

Phase 3: Comprehensive Financials – in progress

Phase 4: Service Requests, Citizen Relationship Management (CRM) – in progress

4. Leverage Advances in Technology to Enhance Business Processes, Records Management and Online Services

The DE Inspection and Grading division have since completed the new Site Alteration permit process and will be available for application online in Q2, 2024.

5. Develop Inspection Documentation Standards to Ensure that Inspection Records are Complete and Reliable

In collaboration with IT, a pilot project with new hardware and the use of the Mobi-App is in effect. These tools offer inspectors the capability of marking up digital drawings, close out permits, and add comments or images to AMANDA inspection files while out in the field. Next Steps: Management to review and analyze the findings of efficiencies for potential implementation.

6. Ensure SOP's Remain Relevant and Current

DE SOP review is ongoing. A coordinated review of SOP's will occur in conjunction with new Council at approximately every 4 to 5 years and/or as required for technical standard changes. Further review will be conducted over the next few months to finalize the remaining SOP's in draft.

PARKS OPERATIONS AUDIT

The Parks Operations Audit was presented to the Audit Committee on October 2, 2023. The Internal Audit Report contained eight recommendations with a total of twenty-four action items. Of the twenty-four action items within the eight recommendations, 16 (or 67%) are in-progress, 3 (or 12%) have yet to be started, and five (or 21%) are complete. One hundred percent (100%) of the action items are on track for completion.

To address the recommendations, the Parks Operations Leadership has organized a *Parks Operations Audit Working Group* comprised of a multifaceted team of parks staff with the expertise necessary to successfully address and implement the audit recommendations. Leads were chosen for each action item and a group meeting schedule was established to ensure that consistent progress is achieved. Action items are tracked on a master Gantt chart where specific milestones are planned and addressed in chronological order. Monthly status update meetings are held and real time updates to this chart are accessible to leadership at any time for review.

According to the Director, Parks, Forestry, and Horticulture Operations (PFHO), the team is actively working towards completion of an improved Digital Parks Inspection Process. Our

2023 INTERNAL AUDIT ANNUAL REPORT

Quality Improvement Specialist has reviewed the existing digital form and manuals with the leads to ensure that comprehensive inspections are achieved with the enhanced digitalized form. Modifications to the existing form included the addition of splashpads, toboggan hills, trails, etc., in dropdown functions to add detail and accuracy to the assessment. Guidelines for yearly form review and periodic audits have been created to ensure consistency in usage and correct data collection. The new form has been reviewed with Parks Supervisors and implementation is scheduled for late March 2024 along with accompanying Standard Operating Procedures governing the use of the form.

The PFHO leadership team has also been working towards the implementation of a formal tool management system to mitigate risk to tool and equipment inventory. To date, the team has performed a baseline inventory count for all districts and established a guideline for subsequent quarterly inventory counts to verify system reliability. Due to logistical issues, the Microsoft Forms solution will be replaced by an alternate tracking system model that closely resembles a retail checkout process. This will allow an operator to select multiple pieces of equipment, with a keyholder recording the process and incorporating a follow up to ensure items have been returned. The system will be launched in May 2024 and is projected to be implemented along with the corresponding Standardized Operating Procedure (SOP) for June 2024 following the return of the summer staffing complement.

In addition, the PFHO leadership team is engaged in the development of Strategic Resourcing Plan to determine the optimal mix of insourced and outsourced staffing models, alternative resourcing options, options for emergency events, and growth pressures. To address this, a Request for Proposal (RFP) was issued in November 2023 for an external consultant to perform a review of the Parks Operations staffing structure. The review commenced in the second quarter of 2024 and is scheduled to be completed by the fourth quarter of 2024. The product of this review will be a Strategic Resourcing Plan for the division which is on track to be delivered by the proposed original timeframe of 2025.

The department also continues to develop new SOPs and is diligently working towards updating and increasing the volume of these standards in its centralized repository. The remaining recommendations are on track to proceed as planned over the next twenty-one months ending in the fourth quarter of 2025.

CONCLUSION

Internal Audit will continue to follow-up on management action plans to determine if they have been implemented and will continue to partner with management in their efforts to address audit observations as planned. When plans cannot be completed as originally intended, audit staff will work with management to obtain updated achievable implementation dates.

2023 INTERNAL AUDIT ANNUAL REPORT

2023 INTERNAL AUDIT WORK PLAN STATUS AND SCHEDULE

The 2023 Internal Audit Risk Based Work Plan was developed using a risk assessment process that combined financial, reputational, compliance and operational criteria.

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.

The table below provides a high-level summary of all the work plan engagements that were scheduled for 2023 and their status.

Audit Project	Rationale and Risks	Status and Reporting Date
Development Planning Audit	<p>Rationale: The Development Planning department manages city-building by implementing Provincial Policy, Regional and City Official Plan Policy, the strategic priorities contained in the Term of Council Service Excellence Strategic Plan and the City's Growth Management Strategy. This is achieved through the comprehensive analysis of development planning, heritage and Committee of Adjustment applications submitted by private landowners and through the preparation and implementation of urban design guidelines, streetscape implementation and financial strategy plans and management of capital projects. The department provides a public service function by facilitating input from the public, agencies, City departments, other levels of government and stakeholders into the development approval process and being a source for land development information.</p> <p>In the first three quarters of 2021, the department processed over 214 development applications, conducted a total of 105 PAC meetings and provided planning advice related to 21 Local Planning Appeal Tribunals.</p> <p>Risk: Some of the key objectives of the Planning Department in 2022 included transforming the development planning process and policy to improve approval timelines and delivering on development application initiatives for continuous process improvement. It is important that these objectives are successful to achieve community satisfaction, meet legislative changes (i.e. Bill 109) and to meet the City Building Term of Council strategic initiative.</p>	In Progress. It is anticipated that this report will be presented to the Audit Committee on September 30th, 2024.

2023 INTERNAL AUDIT ANNUAL REPORT

Audit Project	Rationale and Risks	Status and Reporting Date
<p>MoveSmart Mobility Management Strategy Audit</p>	<p>Rationale: MoveSmart is a five-year strategy that aims to increase road safety, improve mobility efficiency through innovation and technology, ensure accuracy and availability of traffic data and support active and sustainable transportation. The strategy was endorsed by Council in 2021 in support of the 2018 – 2022 Term of Council Service Excellence Strategic Plan.</p> <p>Risk: In the 2018 Citizen Satisfaction Survey, 59 per cent of residents said transportation is the most important issue facing the community. It is important that the MoveSmart strategy is executed in an efficient and effective manner to help improve community satisfaction, wellbeing and health and safety.</p>	<p>In Progress. It is anticipated that this report will be presented to the Audit Committee on November 25th, 2024.</p>
<p>Water, Wastewater and Stormwater Billing and Collection Audit</p>	<p>Rationale: The City of Vaughan charges for water, wastewater and stormwater services. These charges are billed by Alectra on behalf of the City and appear on a customer's hydro bill. Stormwater rates are charged once per year. It is important that customer information is managed properly, and water, wastewater and stormwater revenue is billed and collected in an efficient and effective manner.</p> <p>On August 6th, 2021, the City was notified by Alectra staff that they will discontinue water, wastewater and stormwater billing services by December 31, 2024. The City is working with a consultant to develop options for the future state of these billing processes.</p> <p>Risk: Without effective controls in place, there is a risk that customers may be billed incorrectly and / or payment may be incorrect or delayed. In addition, it is vital that the risks associated with the transition plan and future state of the City's billing process are identified and mitigated.</p>	<p>In progress. The completion of the audit will continue to be dependent on the actual project timing.</p>
<p>Workforce Planning Audit</p>	<p>Rationale: Creating an effective staffing program is a critical part of HR management. Staffing includes designing what the workforce should look like, how the organization should be structured, recruitment, selection and onboarding of new staff and managing contingent resources.</p> <p>Risk: The fallout of the COVID-19 pandemic has changed the way we work and has created different types of operational, compliance, financial and employment market risks. Ongoing evaluation and adjusting the strategy are key to staff engagement and retention and it is imperative that the City has strategies in place to plan for and mitigate these risks.</p>	<p>In Progress. It is anticipated that this report will be presented to the Audit Committee on September 30th, 2024.</p>

2023 INTERNAL AUDIT ANNUAL REPORT

Audit Project	Rationale and Risks	Status and Reporting Date
<p align="center">Information Technology (IT) Asset Management and Contracts Audit</p>	<p>Rationale: Asset management involves analyzing and tracking the lifecycle of an asset to maximize its value. At a high level, the process begins with acquiring the asset, using the asset, supporting and maintaining the asset then disposing the asset at the conclusion of its useful life. Asset management programs help ensure informed decisions can be made as to when to retire and/or replace an asset.</p> <p>The City continues to experience substantial growth in new technology projects and increased utilization of existing and new technology. There has also been a continued increase in licensing through vendor service agreements.</p> <p>Risk: The City operates many types of IT assets, including hardware, software, and business applications, to support service delivery. It is vital that the City tracks its IT asset inventory and maximizes the usefulness of its IT assets to ensure their continued reliability and availability. If IT asset lifecycles are not managed efficiently and effectively, there is a greater risk of these assets becoming outdated, not meeting the needs of the City and potentially increasing IT security risks.</p>	<p align="center">In Progress. It is anticipated that this report will be presented to the Audit Committee on September 30th, 2024.</p>
<p align="center">Parks Infrastructure Planning and Development Audit</p>	<p>Rationale: Through collaboration with residents and stakeholders, Parks Infrastructure Planning and Development is committed to providing an innovative, accessible, sustainable and safe Parks and Open Space system that fosters physical activity, health and wellness for all citizens while meeting the City's strategic parkland objectives.</p> <p>The Parks Infrastructure Planning and Development department consists of three divisions (Parks & Open Space Planning, Parks Delivery and North Maple Regional Park) that work closely with internal and external project stakeholders to plan, design, construct and renew parks and open space areas to ensure the long-term sustainability of the City's greenspace infrastructure.</p> <p>Risk: It is important that the department continues to ensure the sustainable provision of active and passive outdoor recreational and nature experiences that are consistent with developing integrated, complete and livable communities, while meeting the City's planning and growth management strategic objectives.</p>	<p align="center">Complete. Presented to the Audit Committee on March 20th, 2024.</p>

2023 INTERNAL AUDIT ANNUAL REPORT

Audit Project	Rationale and Risks	Status and Reporting Date
<p align="center">By Law & Compliance, Licensing & Permit Services: Enforcement Services Audit</p>	<p>Rationale: The City of Vaughan's By-law and Compliance, Licensing and Permit Services issues licenses and permits and maintains, administers, creates, develops and enforces the City's by-laws. By-laws and the related public policies are put in place to ensure a safe and orderly community for all who live, work and play in Vaughan. Licenses and permits establish a regulatory framework and are required to do many things in the City like running a business, hosting a special event and owning an animal. Expansive development and growth, as well as ever increasing emerging issues and legislative changes are significant risks that are and will need to continue to be mitigated.</p> <p>Risk: If services are not delivered in a manner that demonstrates support of the greater public interest and in line with public expectation there could be increased reputational risks to the City. In addition, there could be health and safety issues resulting in possible legal exposure, an adverse affect to wellbeing of residents and the over all quality of life within the City.</p>	<p align="center">In Progress</p>
<p align="center">VFRS Driver Certification Audit</p>	<p>Rationale: As of January 2nd, 2014, all participating organizations are required to arrange for an independent, comprehensive audit using an audit program and reporting form prepared by the Ministry. Internal Audit received approval from the MTO to do the audit and, going forward, will perform all DCP related audit work.</p> <p>Risk: The risk of not doing the audit is non-compliance with Ontario Legislation. This in turn may result in being removed from the program and incurring additional costs and time being retested by MTO before drivers' licenses can be renewed.</p>	<p align="center">Complete. Presented to the Audit Committee on October 2nd, 2023.</p>
<p align="center">Municipal Accommodation Tax Audit</p>	<p>Rationale: The City of Vaughan has approved a four per cent Municipal Accommodation Tax (MAT) on hotels, lodges, bed and breakfasts and motels effective April. 1, 2019. The MAT Short-term Rental By-law 183-2019 was approved by Council in December 2019. This by-law applies the MAT to all short-term rental stays and collection came into effect on April 1, 2020.</p> <p>Risk: MAT revenues are remitted by transient accommodation providers to the City on a monthly basis. Without effective controls in place, there is a risk that accommodation providers will not remit the correct amount owing on a timely basis.</p>	<p align="center">Complete. Presented to the Audit Committee on February 5th, 2024.</p>

2023 INTERNAL AUDIT ANNUAL REPORT

Audit Project	Rationale and Risks	Status and Reporting Date
<p>Construction Audit of Carville Community Centre: Phase 2 - Construction</p>	<p>Rationale: The Construction Audit of the Carville Community Centre will encompass the complete lifecycle of the project and will be conducted in 3 phases. Individual Capital Projects can represent a significant investment for the City. Large projects are managed from a variety of aspects including financial, timeliness and meeting deliverables. Audits of individual projects can provide assurance that risks are properly managed.</p> <p>The audit will examine whether the lessons learned from the Construction Audit of Fire Station 7-4 have been applied to this project.</p> <p>Risk: If projects are not properly managed the greatest risk is they do not meet their deliverables either by not being on time or on budget. Projects that are late or over budget can lead to financial loss, quality reduction and erosion of public trust.</p>	<p>Carryover from 2022 IA Work Plan. The Audit is In progress. The completion of the audit will continue to be dependent on the actual project timing.</p>
<p>General Internal Audit Follow-up Program</p>	<p>Rationale: As part of the Internal Audit reporting process, Internal Audit and clients agree on action plans to address issues identified in the report. Follow-up is done to determine if the action plans have been implemented.</p> <p>Risk: If action plans are not followed up there is the risk they may not be implemented. Risk and control exposures could still be outstanding that could have a negative impact on the City. There is also the risk that initial action plans may not have been suitable. Internal audit can work with clients to develop more suitable plans if follow-up is done.</p>	<p>Annual update included as part of the Internal Audit Department Annual report, which was presented to the Audit Committee on April 24th, 2023.</p>
<p>Internal Audit Department Annual Report</p>	<p>Rationale: In accordance with the City's Internal Audit Policy, an annual report shall be submitted to the Committee of the Whole outlining the annual activities of the Internal Audit Department.</p> <p>This report will outline the activities of the Internal Audit Department for the period January 1 through December 31, 2022. It is not a report on the results of the audits conducted, as this information is presented separately throughout the year.</p>	<p>Presented to the Audit Committee on April 24th, 2023.</p>

2023 INTERNAL AUDIT ANNUAL REPORT

Audit Project	Rationale and Risks	Status and Reporting Date
Anonymous Reporting System Administration	<p>Rationale: The City's Anonymous Reporting System was implemented on April 15, 2014 as an additional mechanism for employees to confidentially and anonymously report suspected fraud and code of conduct violations.</p> <p>Report intake is operated independently by a third party and is accessible by internet and toll-free phone number. It is available 24 hours a day, 7 days a week.</p> <p>An employee who chooses to file a report is asked to create a password and is provided with a unique case tracking number so that they can log back into the system to follow the progress of their report, provide further details and to answer any questions posed by the investigator, a member of the City's Internal Audit team. Depending on the nature of the issue, management may be required to assist Internal Audit with an investigation.</p>	<p>Annual update included as part of the Internal Audit Department Annual report, which was presented to the Audit Committee on April 24th, 2023.</p>

2023 INTERNAL AUDIT ANNUAL REPORT

2023 Audit Client Survey Results

Appendix A

#	Statement	Positive	Negative	N/A	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A
1	Internal Audit explained the audit process steps (i.e. audit planning stage to presentation at FA&A) at the commencement of the audit.	92%	0%	8%	50.00%	41.67%	0.00%	0.00%	8.33%
2	The audit took an acceptable amount of time to complete.	83%	8%	8%	33.33%	50.00%	8.33%	0.00%	8.33%
3	The disruption of daily activities was minimized as much as possible during the audit.	83%	8%	8%	33.33%	50.00%	0.00%	8.33%	8.33%
4	Internal Audit exhibited a good understanding of the goals, objectives, strategy, and processes to effectively plan the audit.	100%	0%	0%	50.00%	50.00%	0.00%	0.00%	0.00%
5	Internal Audit demonstrated the technical proficiencies required to perform this audit.	92%	8%	0%	41.67%	50.00%	8.33%	0.00%	0.00%
6	My business concerns and perspective on key business risks were adequately considered.	100%	0%	0%	41.67%	58.33%	0.00%	0.00%	0.00%
7	The audit objectives and scope were clearly communicated to me.	92%	0%	8%	50.00%	41.67%	0.00%	0.00%	8.33%
8	Internal Audit staff were:								
	Professional	92%	0%	8%	75.00%	16.67%	0.00%	0.00%	8.33%
	Objective	92%	0%	8%	58.33%	33.33%	0.00%	0.00%	8.33%
	Positive	92%	0%	8%	66.67%	25.00%	0.00%	0.00%	8.33%
	Willing to Listen	92%	0%	8%	83.33%	8.33%	0.00%	0.00%	8.33%
	Determined to Build Rapport	100%	0%	0%	83.33%	16.67%	0.00%	0.00%	0.00%
	Courteous	100%	0%	0%	83.33%	16.67%	0.00%	0.00%	0.00%
Constructive	92%	0%	8%	66.67%	25.00%	0.00%	0.00%	8.33%	
9	Status updates and communication while the audit was ongoing was:								
	Timely	100%	0%	0%	66.67%	33.33%	0.00%	0.00%	0.00%
	Adequate	100%	0%	0%	72.73%	27.27%	0.00%	0.00%	0.00%
	Useful	100%	0%	0%	72.73%	27.27%	0.00%	0.00%	0.00%
10	I was provided opportunities to provide feedback while the audit was ongoing.	100%	0%	0%	66.67%	33.33%	0.00%	0.00%	0.00%
11	The audit report observations were:								
	Accurate	92%	8%	0%	41.67%	50.00%	8.33%	0.00%	0.00%
	Clearly Written	100%	0%	0%	41.67%	58.33%	0.00%	0.00%	0.00%
	Presented with Appropriate Context	92%	8%	0%	33.33%	58.33%	8.33%	0.00%	0.00%
12	I was given the opportunity to provide explanations and responses to the audit observations contained in the draft report.	100%	0%	0%	58.33%	41.67%	0.00%	0.00%	0.00%
13	Internal Audit's recommendations:								
	Were Constructive	100%	0%	0%	50.00%	50.00%	0.00%	0.00%	0.00%
	Were Feasible	100%	0%	0%	50.00%	50.00%	0.00%	0.00%	0.00%
	Will Improve Operations/Processes	92%	0%	8%	58.33%	33.33%	0.00%	0.00%	8.33%
	Will Provide Value to the City	100%	0%	0%	58.33%	41.67%	0.00%	0.00%	0.00%
14	From my perspective, the audit objectives were achieved.	100%	0%	0%	41.67%	58.33%	0.00%	0.00%	0.00%
15	Overall, the audit added value to the City by enhancing our understanding of risks and/or improving our approach to managing key risks.	100%	0%	0%	50.00%	50.00%	0.00%	0.00%	0.00%

2023 INTERNAL AUDIT ANNUAL REPORT

Appendix B

List of Completed Audit Projects and Status of Management Action Plans (MAPs)

Agenda Date	Audit Report	Year	Outstanding Recommendations	# of Recommendations in the Audit Report	# of Recommendations Completed	# of Recommendations In Progress	Implementation Due Dates
01-Feb-16	Corporate Overtime	2016	Automate the Time and Labour Management Process	5	2	3	Q4 2024
			Understand What Drives Overtime Costs & Impact on Service Delivery				Q4 2024
			Examine the Impact of Overtime on Employee Wellness				Q4 2024
30-May-16	Anonymous Reporting System Annual Report	2016	Enhance the City's corporate governance, accountability and transparency framework by developing a comprehensive ethics and compliance program designed to prevent, detect and respond to fraud and misconduct.	3	2	1	Complete
			Internal Audit be tasked with doing further research into the possibility of expanding the Anonymous Reporting System to the general public and, in consultation with senior management, report back to Council on the best practices in other jurisdictions and a recommended approach.				Q4 2025
06-Mar-17	Social Media Audit	2017	Develop a Comprehensive Social Media Governance Framework	4	3	1	Q4 2024
06-Jun-17	Event Management Audit	2017	Develop a Formal Event Strategy for the City	9	9	0	Complete
06-Jun-18	Winter Maintenance Audit	2018	Reevaluate the City's Winter Maintenance Strategy and Service Standards	7	7	0	Complete
12-Nov-19	Facility Management Audit	2019	Develop and Implement a Risk Based Preventative and Predictive Maintenance Program	5	2	3	Q4 2023
			Improving the Management and Administration of Lease and License Agreements at City Owned Facilities				Q3 2023
			Enhance Oversight Over Contract Administration				Q3 2023
20-May-20	Consulting Services Audit	2020	Standardize Procurement Templates	6	6	0	Complete
22-Sep-20	By-Law & Compliance, Licensing & Permit Services Audit: Phase 1	2020	Reevaluate and Update the By-law Strategic Framework, Principles and Deliverables to Ensure They Remain Realistic and Achievable	6	6	0	Complete
			Improve Oversight Over the Administrative Monetary Penalty Process				Complete
31-May-21	IT Security Audit	2021	Network Segmentation*	11	11	0	Complete
			Social Engineering*				Complete
			Vaughan Public Libraries*				Complete
			Miscellaneous*				Complete
22-Nov-21	VFRS Mechanical Review	2021	Develop fleet policies, encompassing the flow charts developed	15	7	8	Q4 2024
			Develop a 20-year Replacement Plan				Complete
			Acquire a fit-for-purpose fleet management system				Complete
			Implement incentives to encourage staff to pursue professional certification				Q4 2024
			Adopt a condition assessment methodology to prioritize vehicle replacement				Q4 2024
			Adopt a proactive PM schedule and work towards 95% compliance				Q4 2024
			Assess the need for a full-time fleet manager position as the organization grows				Q4 2024
			Consider future facility needs as the organization grows				Q4 2024
			Determine which KPIs are most valuable to their organization and develop regular reporting procedures.				Q4 2024
			Develop future operating (maintenance) budgets using information provided by the FMIS.				Q4 2024

2023 INTERNAL AUDIT ANNUAL REPORT

List of Completed Audit Projects and Status of Management Action Plans (MAPs)

Agenda Date	Audit Report	Year	Outstanding Recommendations	# of Recommendations in the Audit Report	# of Recommendations Completed	# of Recommendations In Progress	Implementation Due Dates
25-Apr-22	Building Standards Audit: Phase 2		Develop Inspection Documentation Standards and Leverage Technology to Ensure that Inspection Records are Complete and Reliable	4	3	1	Complete
			Develop and Implement an Action Plan to Monitor and Resolve Inactive Building Permits				Q2 2024
25-Apr-22	Vaughan Animal Services Audit	2022	Investigate the Feasibility of Acquiring a Permanent Location for the VAS Shelter	10	10	0	Complete
			Develop a Formal Staff Training Program				Completed
13-Jun-22	Fleet Management Services Audit	2022	Develop a Comprehensive Fleet Management Strategy	6	1	5	Q2 2025
			Acquire a Fit-for-Purpose Fleet Management Information System (FMIS) and Upgrade the Automatic Vehicle Localization (AVL) Units				Completed
			Improve Compliance to Vehicle Inspection Requirements				Q4 2024
			Investigate the Feasibility of Exiting the Fuel Distribution Business				Q4 2024
			Enhance Procurement, Contract Administration, and Inventory Management Processes				Q4 2024
			Develop a Progressive Strategic Staffing and Training Plan				Q4 2024
13-Jun-22	Emergency Planning and Business Recovery – COVID-19 Audit	2022	MNP: Leveraging Technology – Business Continuity software	11	7	4	Q4 2024
			MNP: Business Continuity Plan – Governance Structure				Q4 2024
			MNP: Training – Business Continuity				Q4 2024
			MNP: Business Continuity Plan – Focus Areas for Upcoming Review Period				Q4 2024
			MNP: Leveraging BCP Information to Define Essential Services				Complete
13-Jun-22	Vendor Master File Audit	2022	Enhance Controls over System User Access and Segregate Incompatible Duties	7	5	2	Complete
			Enhance Processes and Controls over the Management, Administration and Oversight of the Vendor Master File Data				Q4 2023
			Ensure the Low Dollar Procurement Module (LDM) is Only Used If Other Procurement Options are not Operationally Feasible				Complete
			Enhance Controls over the Vendor Setup and Change Request Process				Q4 2023
			Enhance Controls over the Vendor Validation Process				Complete
			Enhance Controls over the Vendor Reactivation Process				Complete
			Transition Medical Note and Safety Footwear Reimbursements from A/P to Payroll				Complete
19-Sep-22	Accessibility Audit	2022	Strengthen Governance and Oversight over the City's Accessibility Initiatives	6	1	5	Q2 2024
			Improve the MYAP Development and Implementation Process				Complete
			Enhance Training to Promote Accessibility Knowledge and Awareness				Q2 2024
			Incorporate Regular Independent Accessibility Assessments and Certification into the Development of Future MYAP's				Q3 2024
			Improve Management Oversight over the Customer Feedback Process				Q2 2024
			Implement and Record Periodic Reviews of Accessibility Policies				Q1 2024
19-Sep-22	Service Vaughan Audit	2022	Develop Operational and Staffing Strategies to Achieve Acceptable Service Levels	4	0	4	Q4 2024
			Leverage Advances in Technology to Improve Business Processes				Q4 2024
			Develop Standard Operating Procedures and Improve the CSR Training Program				Q4 2024
			Enhance Service Offerings, Communication and Relationship Management with Internal Stakeholders.				Q4 2024

2023 INTERNAL AUDIT ANNUAL REPORT

List of Completed Audit Projects and Status of Management Action Plans (MAPs)

Agenda Date	Audit Report	Year	Outstanding Recommendations	# of Recommendations in the Audit Report	# of Recommendations Completed	# of Recommendations In Progress	Implementation Due Dates
19-Sep-22	Construction Audit of the Carrville CC, Library and District Park: Phase 1	2022	Enhance the Project Budget Increase Request Process	7	3	4	Q2 2024
			Ensure a Liquidated Damages Provision is included in all Construction Contracts				Q2 2024
			Enhance the Fairness Monitor Process				Complete
			Ensure the Formation and Composition of Proposal Evaluation Committees is Appropriate				Complete
			Enhance the Design and Construction Standards Document				Q3 2023
			Continue to Enhance Project Management Methodologies, Policies and Procedures				Q2 2024
30-Jan-23	PCI Compliance	2023	Secure ARR approval, create job description and release posting for a PCI DSS Compliance Lead role	18	15	3	Complete
			Implement a DLP (Data Loss Prevention) policy to prevent Cardholder information from residing in Office 365 or e-mailed with Exchange Online				Complete
			Define PCI DSS Program components including governance structure, KPIs, awareness, workplan, risk management, etc. and create an operations manual				Complete
			Re-architect Libraries payment processing channel to bring it into SAQ A compliance by fully outsourcing all components of the payment website and acquiring appropriate AOC and responsibilities matrix				Complete
			Determine and document appropriate action for non-compliance with AOC and Responsibilities Matrix requirements				Complete
			Modify annual web-based training to include physical terminal inspection component				Complete
			Complete first-pass for appropriate SAQs targeting reduced scope requirements				Complete
			Update internal PCI DSS questionnaire to include SAQ requirements to be addressed by the departments involved in payment processing				Complete
			Draft Terms of Reference for both governance levels "Enterprise Governance of IT" and "PCI DSS Compliance Team"				Complete
			Establish PCI DSS Program governance meetings at executive and operational levels				Complete
			Update RFP and Contract Templates to mandate PCI DSS compliance for all service providers engaged in payment processing on City's behalf				Q2 2024
			Define and integrate PCI compliance validation (AOC and roles and responsibilities matrix) into the procurement process and templates.				Q2 2024
			Define process for obtaining AOC and Responsibilities matrices from existing service providers and finalize obtaining all outstanding documents including pursuing non-compliant service providers				Complete
			Initiate projects to discontinue services provided by non-compliant service providers				Complete
			Update Cardholder Data Protection policy to address the following: -Prevent procurement of services from vendors unable to provide appropriate AOC and responsibilities matrix -Assign annual awareness verification responsibility -Assign responsibility to notify training administrator of new hires -Mandate formal solution owner for each payment processing application on OCIO and Business side -Mandate physical inspections of PIN pads				Complete
			Finalize decision documents to de-scope phone-based and PC-based payment channels scope				Complete
			Update the PCI DSS compliance program details in the operations manual to address PCI 4.0 requirements				Complete
Conduct PCI DSS SAQ compliance re-assessment to confirm compliance status	Q2 2024						

2023 INTERNAL AUDIT ANNUAL REPORT

List of Completed Audit Projects and Status of Management Action Plans (MAPs)

Agenda Date	Audit Report	Year	Outstanding Recommendations	# of Recommendations in the Audit Report	# of Recommendations Completed	# of Recommendations In Progress	Implementation Due Dates
30-May-23	Property Tax and Assessment	2023	Enhance Controls over System User Access and Segregate Incompatible Duties	4	0	4	Q2 2025
			Explore Opportunities to Provide On-line Services to Taxpayers				Q3 2025
			Develop Corporate Performance Measures				Q1 2024
			Develop Formalized Standard Operating Procedures (SOPs) to Support Operational and Training Activities				Q2 2024
29-May-23	Finance Modernization	2023	Expand the Scope of the Current Finance Modernization Program to Encompass the Original Program Outcomes	6	0	6	Q4 2024
			Establish a City-Wide Program Management Framework				Q4 2024
			Develop Business Cases for Evidence Based and Transparent Decision Making				Q3 2024
			Enhance Project Scheduling and Resourcing				Q4 2024
			Improve Program Financial Reporting				Q3 2024
			Standardize Risk Registers and Risk Management Process Across the Program				Q4 2024
02-Oct-23	Development Engineering	2023	Continue Collaborating with Stakeholder Departments to Address the Impacts of New Legislation	6	1	5	Q2 2024
			Strengthen Overall Governance and Oversight of the Department and Key Processes				Complete
			Continue Developing Dashboards and Other Mechanisms to Measure Department Performance and Public Satisfaction				Q2 2024
			Leverage Advances in Technology to Enhance Business Processes, Records Management, and Online Services				Q4 2024
			Develop Inspection Documentation Standards to Ensure that Inspection Records are Complete and Reliable				Q4 2024
			Ensure SOP's Remain Relevant and Current				Q2 2024
02-Oct-23	Parks Operations Audit	2023	Develop a Strategic Resourcing Plan	8	0	8	Q4 2025
			Review and Monitor Acceptable Service Levels				Q4 2025
			Enhance Monitoring and Oversight of Service Requests				Q4 2025
			Appropriately Safeguard Assets, Equipment and Inventory				Q2 2025
			Enhance the Inspections Process				Q4 2025
			Enhance the Staff Training Program				Q4 2024
			Develop a Noxious Weeds Strategy				Q4 2024
			Continue to Develop and Update Relevant, Current and Appropriate Standard Operating Procedures (SOP's)				Q4 2024
Total	23 Reports	-		168	101	67	