


2023 Internal Audit Annual Report

Audit Committee – Tuesday May 28th, 2024



Agenda

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1. Internal Audit Governance Structure
 2. Annual Declaration of Independence
 3. Common Themes and Issues
 4. Anonymous Reporting System Annual Update
 5. Questions

Internal Audit's Purpose

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

Functional Reporting to Council – Council Responsibilities

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

Director of IA Assists Council by:

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

Annual Declaration of Independence

- The Internal Audit Department has been able to carry out its activities free from management interference and remains organizationally independent.
- Any threats to the Internal Audit Department's independence or objectivity, whether perceived or actual, will be managed at the individual auditor, engagement, functional, and organizational levels, and be brought to the attention of the Audit Committee should it occur.

Common Themes and Issues

1. Leveraging advances in technology to improve business processes.
2. Developing processes to periodically evaluate direction, strategy, programs and service delivery to ensure efficient and effective deployment of resources 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.

ARS Results – Trends & Themes

1. Report Volume Per 100 Employees

- We received a total of 6 reports in 2023, down 1 report from 2022.

2. Substantiation Rates:

- 1 (or 25%) of the 4 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%.

3. Reporter Follow-up Rate:

- In 2023, 80% of all reporters logged back into follow-up on their report. The Global Benchmark Rate is 27%.

4. Anonymous vs Named Reporters

- In 2023, 100% of reporters chose to remain anonymous. The Global Benchmark is 58%.



Questions?



Thank you!