

# Annual Report 2023-2024 Internal Audit Steering Committee

February 4, 2025



# TABLE OF CONTENTS

- Introduction ..... 2**
- Progress Update 2023/24..... 2**
  - Internal Audit Steering Committee Practice and Processes ..... 2
    - Formalized Risk-Based Internal Audit Practice and Processes ..... 2
    - Reviewed and Updated Bylaw and Administrative Directive ..... 2
    - Introduced a Multi-year IASC Workplan ..... 3
  - Internal Reviews/Audits Status Update..... 3
    - Risk Management ..... 3
    - Procurement ..... 4
    - Cyber Security..... 4
  - Workplan 2025 - 2027 ..... 4

## **INTRODUCTION**

As per Bylaw 24/2023 Internal Audit Steering Committee (IASC), the annual report provides progress updates on the IASC activities to Council.

Key accomplishments, outlined in more detail below, include:

1. Establishment of Risk Based Internal Audit Practice using a hybrid approach
2. Updated Internal Audit Steering Committee Bylaw
3. Introduction of a multi-year Audit Plan
4. One audit was completed, a 2025 audit was initiated and the implementation of recommendations from two audits is in progress.

## **PROGRESS UPDATE 2023/24**

The following section provides a brief update on the key activities and achievements of the IASC during the 2023-2024 years.

### **Internal Audit Steering Committee Practice and Processes**

#### ***Formalized Risk-Based Internal Audit Practice and Processes***

Council's Strategic Plan 2022-2025 - Financial Sustainability Priority included a review of practices and processes for the IASC. The work was completed in 2023 by a third party, which led to establishing a risk-based Internal Audit practice, processes and roles of the IASC and Administration that align with leading practices and consultant's recommendations.

The Committee approved a hybrid approach for the internal audit. In this approach, the Administration's representative facilitates, coordinates and manages IASC activities, and an external consultant is contracted to conduct planned reviews/audits and to present the final report and recommendations to the IASC.

#### ***Updated Bylaw and Administrative Directive***

The Internal Audit Steering Committee Bylaw 24/2003 was updated to align it with leading practices and consultant's recommendations from the Internal Audit Practice and Process Review Final Report.

The following is a summary of the major updates made to the Bylaw:

- The position of "internal auditor", was taken out of to reflect the Committee's approved direction to proceed with a hybrid approach.
- The roles and responsibilities of the Committee and Administration were more clearly defined.
- The requirement for new Committee members to undergo orientation to be informed about the work of the Committee before attending a first meeting.

- Effective January 1, 2025, the new bylaw will give preference to public Committee members who have experience in and knowledge of financial and operational matters and governance roles.
- The minimum frequency of Committee meetings and the purpose of these were clearly outlined.
- The requirement for a Councillor to be the Chair of the Committee and the roles and responsibilities of the chair were more clearly outlined.
- The Committee can recommend to Council budget for the IASC or use of the IASC budget to implement recommendations from an audit.
- The Committee will be suspended if the Committee runs out of Council-approved funds with two exceptions:
  - Receive progress updates, if any, on the implementation of recommendations from past audits; and
  - Recommend to Council that additional funds should be approved to support the mandate of the Committee

### ***Introduced a Multi-year Internal Audit Steering Committee Workplan***

A multi-year IASC workplan was developed and used in 2023/24 to guide the Committee's activities.

The workplan is informed by the Corporate Risk Register to help address key risks identified. The workplan is reviewed by the Committee annually, in Q1, and adjustments are made as needed. The workplan is then shared with Council for approval. The IASC directs Administration to conduct one review/audit per year.

## **Internal Reviews/Audits Status Update**

### ***Risk Management***

Since the audit was completed in 2020, Administration has continued to progress on maturing risk management practices. Key activities related to recommendations from the review include:

- Assigned responsibility for the Enterprise Risk Management
- Implemented a standardized framework for risk management – risk register format and scoring
- Training to build capacity, conducted by a consultant initially and internal resources as implementation continued
- Developed and integrated the Corporate Risk Register into key processes and practices including:
  - To inform the IASC multi-year workplan
  - To inform annual planning and budgeting processes and technology requests process
  - To help inform recommendations to Council
- Developed a Risk Management Plan for key risks identified in the Corporate Risk Register and the plan is reviewed twice annually by Risk Owners.
- The risk matrix was introduced in project management templates

The team continues to mature the risk management practice with further integration of risk considerations into existing processes and additional training to continue to increase knowledge or risk management practices is planned for 2025.

### ***Procurement***

Since the audit was completed in 2019, 5 recommendations were completed, 8 are in progress and 7 are planned for future years.

In 2024, the project team focused on establishing a solid foundation for procurement practices and operations and sequenced the audit recommendations to introduce new aspects to optimize core service delivery. Some of the key accomplishments include:

- Launch of new contract templates for goods, services, construction and master framework agreements
- Launch of Purchasing Vine Site to provide employees with key resources and information related to procurement
- Piloting a new software to help employees draft and prepare competitive bid documents
- Completing the transition of the Corporate Procurement Card Administration function from Purchasing Services to Finance
- Finishing documentation of contract management directives, operational protocols and business process documents

### ***Cyber Security***

The final report was presented to the IASC in September 2024. The team is developing a more detailed implementation workplan, as per the Committee's direction, to outline sequencing and resources required for implementation of recommendations. A more detailed implementation workplan will be shared with the Committee in Q1 2025.

### **Workplan 2025 - 2027**

The 2025-2027 workplan includes the following reviews/audits. Planned reviews/audits are subject to change based on the annual review of the Corporate Risk Register and the Workplan that will take place at the end of Q1 2025.

- 2025 – Resource Planning Model Review (initiated)
- 2026 – Managing Aging Infrastructure
- 2027 – Review of Digital Transformation Strategy

The next scheduled review of the workplan will take place in Q1 2025. At this time, the IASC will review and update the workplan and add a planned review/audit for 2028, subject to available funding.