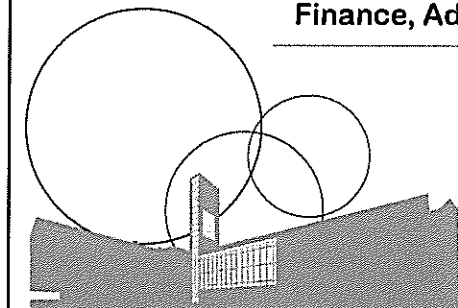


C	3
COMMUNICATION	
FAA -	MAY 26/14
ITEM -	4

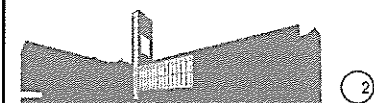
**Term of Council – Internal Audit Summary Report**  
**Finance, Administration and Audit Committee**

Monday May 26, 2014



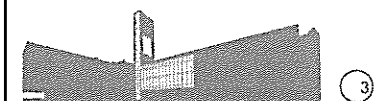
**Agenda**

- Internal Audit at the City of Vaughan
- Governance Relationship and Staffing Model
- Projects Completed – August 2012 to May 2014
- Other Initiatives – August 2012 to May 2014
- Measuring Internal Audit Performance
- Future Directions



## Internal Audit at the City of Vaughan

- Internal Audit Introduced in 2005
- Organizational Review in 2011 – Director Position Established
- New Internal Audit Service Model Developed – 2012/2013
- New Position 2014



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## Internal Audit at the City of Vaughan

Director, Internal Audit	<ul style="list-style-type: none"> <li>• Risk Based Audit Planning</li> <li>• Client Relations and Reporting</li> <li>• Special Projects and Assignments</li> <li>• Risk Management Advice and Support</li> <li>• Control/ Risk Training and Development including Risk Workshops and Proactive Control Analysis</li> <li>• Departmental Quality Assurance</li> </ul>
Audit Project Manager	<ul style="list-style-type: none"> <li>• All Assurance Based Audit Work including existing City-Wide Process, Program and Departmental Audits</li> <li>• Investigations</li> <li>• Client Requests</li> </ul>
Internal Audit Coordinator	<ul style="list-style-type: none"> <li>• Audit Project Assistance (Audit Testing, and Project File Administration)</li> <li>• Audit Follow-up Reporting</li> <li>• Quality Support</li> <li>• Audit Software Support</li> <li>• Oversight of Anonymous Reporting System</li> </ul>

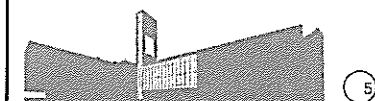


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## Internal Audit Vaughan – Expected Outcomes

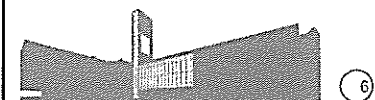
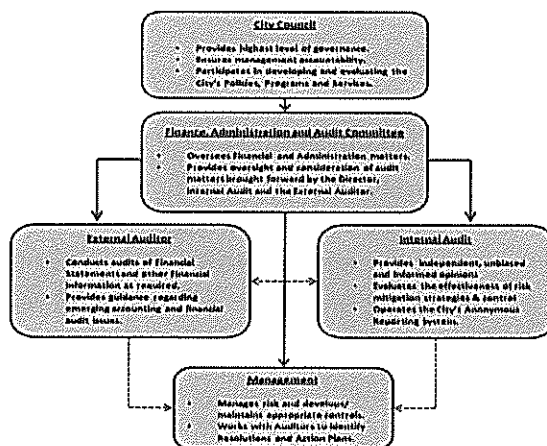
- Provide Assurance that Key Risks are Effectively Managed
- Provide Assurance that Key Controls Function as Intended
- Provide Advice to City Departments on Risk Mitigation Strategies
- Provide Governance, Accountability and Control Education
- Support Transparency and Openness



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## Internal Audit - Governance Relationship

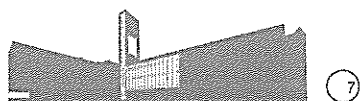


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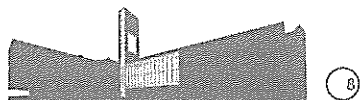
## Projects Completed – August 2012 to May 2014

- **Parks and Forestry Operations**
  - Controls Operating Satisfactorily – Minor Issues Reported
- **Parks Development**
  - Controls Operating Satisfactorily – No Issues Reported
- **Accounts Payable**
  - Improvement in Control Needed to Manage the Risk of Unauthorized or Improper Payments



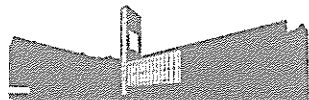
## Projects Completed – August 2012 to May 2014

- **Payroll**
  - Controls Operating Satisfactorily – No Issues Reported
- **Water, Wastewater and Drainage**
  - Controls, Processes and Procedures Supporting the Division's Core Objectives (Safe Drinking Water) are Operating Satisfactorily
  - Administrative Controls over Contract Acquisition and Monitoring Need to be Improved



## Projects Completed – August 2012 to May 2014

- **Corporate Governance and Accountability**
  - There is a Good Understanding and Awareness of the City's Code of Conduct, Mission and Vision and Policies and Procedures
  - Need to Expand Initiatives to Build Organizational Trust and Support the Flow of Information – Communicate Negative Information without Fear of Reprisal.
- **Anonymous Reporting System**
  - Recommended an Outsourced Anonymous Reporting System
  - Vaughan Staff Only - System Co-ordination by Internal Audit



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## Projects Completed – August 2012 to May 2014

- **Employee Expense Reporting**
  - No Evidence of Inappropriate, Duplicate or Unauthorized Expenses
  - Opportunity to Improve Business Expense Process Controls

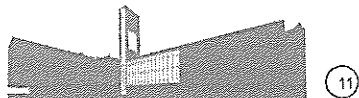


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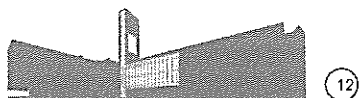
## Other Initiatives – August 2012 to May 2014

- **Anonymous Reporting System**
  - Implemented – April 2014
  - Continuing Communication
  - Annual Reporting
- **Procure to Pay Project**
  - Replaces Procurement Audit
  - Partnership Project
  - Designed to be Proactive – Solution Driven
  - Report – Later 2014



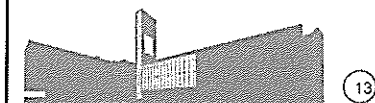
## Other Initiatives – August 2012 to May 2014

- **Risk Management Awareness Sessions**
  - Sponsored and Led by Internal Audit
  - Based on Generic Municipal Risk Model
  - Five Sessions – 72 Participants
  - Build Risk Management and Control Awareness
- **Audit Data Analytic Software**
  - Independent Analysis Tool
  - More Efficient and Effective at Analyzing Data
  - Able to Quickly Identify Risk Patterns



## Measuring Internal Audit Performance

- Independent Survey – 24 Questions [ 6 Categories]
- Trend Analysis and Global Comparison [Approximately 500 Participants]
- 54% Participation Rate – Both Years
- 2012 – [Vaughan – 2.15/4.00, Global – 3.07/4.00]
- 2013 – [Vaughan – 3.39/4.00, Global – 3.11/4.00]



## Measuring Performance

Category	2012		2013		2014	
	2012	2013	2013	2014	2013	2014
Executive Mgt Satisfaction	81%	83%	7%	10%	17%	8%
Audit Staff	81%	80%	1%	57%	19%	8%
External Audit Firm	63%	29%	10%	51%	36%	23%
Audit Process and Reporting	51%	10%	2%	33%	31%	24%
Internal Audit Management	51%	30%	2%	11%	25%	11%
Value Added	51%	26%	14%	33%	18%	15%
TOTAL	51%	34%	7%	31%	25%	15%

Global - 67% Satisfied



## Future Directions

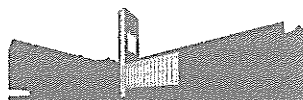
- More Management Input in Audit Planning Process
  - Areas of Risk
  - Special Requests
  - Scheduling Opportunities
- Build Further Audit Awareness
  - Proactive Audit Initiatives
  - Education Activities
- Leverage Technology



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# Questions?



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