



Report on the key compliance attributes of Public Services and Procurement Canada's Internal Audit Function

April 1, 2023 to March 31, 2024

Office of the Chief Audit, Evaluation and Risk Executive

Introduction

The *Policy on Internal Audit* (hereon referred to as the Policy) and its associated *Directive on Internal Audit* (Directive) came into effect on June 15, 2023. The objective of the Policy is to ensure that the oversight of public resources throughout the federal public administration is informed by a professional and objective internal audit function that is independent of departmental management.

The Policy sets out the responsibilities for Deputy Heads of large and small departments related to internal audit, which contributes to sound risk management, control and governance processes; as well as the role and responsibilities of the Comptroller General of Canada as the head of the function government-wide.

Deputy Heads are responsible for ensuring that internal audit in the department is carried out in accordance with the Institute of Internal Auditors International Professional Practices Framework (Standards) unless the framework is in conflict with this policy or its related directive; if there is a conflict, the Policy or Directive will prevail.

The Directive outlines specific requirements of the Chief Audit Executive (CAE) and the associated mandatory procedures for internal auditing in the Government of Canada in subsection 4.1. These procedures include public reporting requirements as prescribed by the Comptroller General of Canada, including performance results for the internal audit function and a list of planned audit engagements for the coming fiscal year. It is important that the public is aware that heads of government organizations are receiving assurance that activities are managed in a way that demonstrates responsible stewardship.

In order to comply with the requirement to publicly report on the performance of the internal audit function, the Comptroller General issued a technical bulletin on publishing key compliance attributes that outlined, among other things, key compliance attributes. These attributes were selected in order to provide pertinent information regarding the professionalism, performance and impact of the internal audit function within the department. The key attributes of compliance with the *Policy* and Standards are:

- internal auditors that are trained to effectively perform the work
- audit work that is performed in conformance with the international standards for the profession
- audit work that is performed according to a systematically developed risk-based audit plan, which has been approved by the head of the organization, and that results in management actions being taken in response to report recommendations
- audit work that is perceived by stakeholders as adding value in the pursuit of organizational objectives

It should be noted that these are not performance measures, and no targets are attached. Under the Policy, the Comptroller General has the authority to amend these attributes, should there be changes in the internal audit environment and/or due to the evolving maturity of the internal audit function.

Key compliance attributes of Internal Audit

In accordance with the Policy and the technical bulletin issued by the Office of the Comptroller General (OCG), Public Services and Procurement Canada's (PSPC) Office of the Chief Audit, Evaluation and Risk Executive (OCAERE) presents the following annual key compliance attributes for the internal audit function for the reporting period April 1, 2023 to March 31, 2024. The compliance attributes noted below pertain to staff professional certifications and designations, the quality assurance and improvement program, and execution of the audit plan.

1. Professional certifications and designations

Professionalism of the internal audit function is referenced several times in the applicable policy instruments. In accordance with the Policy, the OCG (Office of the Comptroller General) is responsible for determining the professional requirements for internal audit in the federal public administration. The OCG (Office of the Comptroller General) relies on the

certification and training for the profession provided by the Institute of Internal Auditors. Within departments with internal audit functions, the CAE (Chief Audit Executive) is responsible for ensuring that internal auditors have the appropriate qualifications, skills, and opportunities to maintain and develop their internal auditing competencies, and the Deputy Head is responsible for supporting this professional development and certification. The professional certifications and designations for staff employed in PSPC (Public Services and Procurement Canada)'s OCAERE (Office of the Chief Audit, Evaluation and Risk Executive) are as follows:

Key compliance attributes for fiscal year 2023 to 2024

Key compliance attribute	Attributes
1(a) Percent of staff with an internal audit or accounting designation (Certified Internal Auditor (CIA), Chartered Professional Accountant (CPA))	56.5%
1(b) Percent of staff with an internal audit or accounting designation (CIA (Certified Internal Auditor), CPA (Chartered Professional Accountant)) in progress	13%
1(c) Percent of staff holding other professional designations (Certified Government Auditing Profession (CGAP), Certified Information Systems Auditor (CISA), etc. (and so forth (et cetera))) 1	21.7%
<div><div>1</div><div>Note that there could be duplication across the categories as one employee could hold more than one other professional designation and could also be in pursuit of an additional designation.</div></div>	

2. Quality assurance and improvement program

In accordance with the International Standards for the Professional Practice of Internal Auditing, the Chief Audit Executive must develop and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit activity (standard 1300) and must include both internal and external assessments (standard 1310). The status of the OCAERE (Office of the Chief Audit, Evaluation and Risk Executive)'s QAIP (quality assurance and improvement program) is as follows:

Key compliance attributes with corresponding responses

Key compliance attribute	Response
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Key compliance attribute	Response
<p>2(a) Date of last comprehensive briefing to the Departmental Audit Committee (DAC) on the internal processes, tools, and information considered necessary to evaluate conformance with the Institute of Internal Auditors (IIA) Code of Ethics and the Standards and the results of the Quality Assurance and Improvement Program (QAIP).</p>	<p>In 2023-to-2024, the Quality Assurance and Practice Improvement function of the <u>OCAERE (Office of the Chief Audit Evaluation and Risk Executive)</u> conducted an internal self-assessment of internal audit policies and procedures to ensure conformance with <u>IIA (Institute of Internal Auditors)</u> standards. The assessment found the following areas of improvement:</p> <p>Recommendations:</p> <ul style="list-style-type: none"> • Update the independence section of the <u>DAC (Departmental Audit Committee)</u> and Internal Audit (IA) charter. • Update the <u>IA (Internal Audit)</u> charter to emphasize that compliance with Standards is mandatory. • Update the Statements of Merit Criteria to reflect the new classification and include the <u>CIA (Certified Internal Auditor)</u> designation as a possible option for an education essential. • Implement a data analytics system such as Audit Command Language (ACL). • Review the new 2024 Global Internal Audit Standards requirements on governance and internal controls and adjust procedures accordingly. <p>Suggestions for Improvement:</p> <ul style="list-style-type: none"> • Define the nature of assurance services provided by the function in the <u>IA (Internal Audit)</u> Charter. • Finalize the development of key performance indicators and include the efficiency of the internal audit activity. • Discuss with the <u>DAC (Departmental Audit Committee)</u> and document the qualifications of the external assessor, including any issues of conflict of interest as part of the next external assessment.

Key compliance attribute	Response
	<ul style="list-style-type: none"> • Discuss with the <u>DAC (Departmental Audit Committee)</u> the type of information that they would like to obtain in terms of its ongoing quality assurance monitoring activities. • Consider annual fraud and technology-based audit training for audit staff. • Update the internal audit manual • Update the organizational charts with the new CT-IAU classification. • Consider the development of guidance to assess governance and internal controls as part of the implementation of the new <u>IIA (Institute of Internal Auditors) Global Standards</u>. <p>The results of the <u>QAIP (quality assurance and improvement program)</u> periodic self-assessment were presented to the Departmental Audit Committee on May 28 to 29, 2024.</p>
2(b) Date of last external assessment.	<p>The <u>OCAERE (Office of the Chief Audit Evaluation and Risk Executive)</u>'s last external assessment was tabled at the January 28, 2020 Departmental Audit Committee meeting.</p>

3. Internal Audit Plan and related information

In order to demonstrate that management is acting on recommendations made by internal audit to improve departmental practices, public reporting requirements, as prescribed by the Comptroller General of Canada, requires internal audit functions to publish a list of completed engagements including the date by which all management actions were to have been implemented and the status of that implementation. This information is to be updated regularly and remain on the list of engagements for 6 months after the management action plan has been fully implemented. Internal audit functions also list all engagements scheduled for the coming fiscal year and their status in the spirit of demonstrating open and transparent information on the government's intentions to conduct engagements in areas of higher risk to departments and to demonstrate responsible stewardship to Canadians.

Engagement information

Engagement title	Engagement status	Report approved date	Report published date	Original planned Management Action Plan (MAP) completion date ¹	Implementation status ²
Office of the Comptroller General Horizontal Audit of Business Continuity Planning (BCP)	Published – MAP (Management Action Plan) not fully implemented	October 30, 2017	August 2018	March 2019	88%
Review of Staffing	Published – MAP (Management Action Plan) not fully implemented	June 11, 2019	October 16, 2020	September 2020	50%
Audit of Information Technology (IT) Security	Published – MAP (Management Action Plan) not fully implemented	January 28, 2020	October 16, 2020	March 2021	32%
Audit of Staffing ³	Published – MAP (Management Action Plan) fully implemented	February 4, 2020	October 16, 2020	September 2021	100%
Audit of the Management of Engineering Assets	Published – MAP (Management Action Plan) not fully implemented	June 1, 2020	October 16, 2020	September 2020	89%

Engagement title	Engagement status	Report approved date	Report published date	Original planned Management Action Plan (MAP) completion date ¹	Implementation status ²
BDO Independent Third-Party Review (ITPR) of PSPC (Public Services and Procurement Canada) Electronic Procurement Solution (EPS) Project Review: Frozen Allotment Gate #2	Approved – Not published	March 9, 2021	N/A (not applicable)	September 2021	100%
Health Check of Energy Services Acquisition Program	Approved – Not published	February 2, 2021	N/A (not applicable)	September 2021	85%
Industrial Security Systems Transformation (ISST)	Approved – Not published	December 16, 2020	N/A (not applicable)	March 2022	76%
Follow-up to the Audit of IT (Information Technology) Security	Published – MAP (Management Action Plan) not fully implemented	December 20, 2021	May 2022	March 2025	9%
Laboratories Canada: Joint Advisory on Governance: Emerging Issues and Risks	Approved – Not published	June 30, 2022	N/A (not applicable)	October 2023	74%

Engagement title	Engagement status	Report approved date	Report published date	Original planned Management Action Plan (MAP) completion date ¹	Implementation status ²
Accrual Budgeting	Published – MAP (Management Action Plan) not fully implemented	November 22, 2022	April 2023	June 2023	80%
Health Check on change management for the EPS (Electronic Procurement Solution): Phase II	Approved – Not published	April 17, 2023	N/A (not applicable)	June 30, 2023	75%
EPS (Electronic Procurement Solution) ITPR (Independent Third-Party Review) Gate #3 frozen allotment (Milestone 6 to 8)	Approved – Not published	February 21, 2023	N/A (not applicable)	March 31, 2024	35%
Audit of Federal Government Consulting Contracts Awarded to McKinsey & Company	Published – MAP (Management Action Plan) not fully implemented	March 26, 2023	March 30, 2023	January 31, 2025	20%
Advisory on Project Management practices (PMP) for Infrastructure projects	In progress	TBD (to be determined)	N/A (not applicable)	N/A (not applicable)	N/A (not applicable)

Engagement title	Engagement status	Report approved date	Report published date	Original planned Management Action Plan (MAP) completion date ¹	Implementation status ²
Health Check on the OneHR Service PSPC (Public Services and Procurement Canada) Project	In progress	TBD (to be determined)	N/A (not applicable)	N/A (not applicable)	N/A (not applicable)
Transformation Assurance and Consulting Strategy: ISST (Industrial Security Systems Transformation)	Postponed	TBD (to be determined)	N/A (not applicable)	N/A (not applicable)	N/A (not applicable)
Transformation Assurance and Consulting Strategy: Government of Canada Trusted platform (GCTP)	Postponed	TBD (to be determined)	N/A (not applicable)	N/A (not applicable)	N/A (not applicable)
Transformation Assurance and Consulting Strategy: Human Capital Management (HCM) portfolio	In progress	TBD (to be determined)	N/A (not applicable)	N/A (not applicable)	N/A (not applicable)
Horizontal OCG (Office of the Comptroller General) Audit of Procurement Governance	In progress	TBD (to be determined)	TBD (to be determined)	TBD (to be determined)	TBD (to be determined)

Engagement title	Engagement status	Report approved date	Report published date	Original planned Management Action Plan (MAP) completion date ¹	Implementation status ²
Audit of Departmental Information Management	Planned	TBD (to be determined)	TBD (to be determined)	TBD (to be determined)	TBD (to be determined)
<div><div></div><div><div>1</div><div>The majority of MAP (Management Action Plan) owners requested an extension to the originally planned MAP (Management Action Plan) completion date.</div></div><div><div>2</div><div>The implementation status included in this report includes information from the October 2023 update which was debriefed at the DAC (Departmental Audit Committee) in March 2024.</div></div><div><div>3</div><div>This report is related to the Review of Staffing, and the reports were published together as they refer to one another.</div></div></div>					

4. Usefulness

In order to determine if the internal audit function is credible and adding value in support of the mandate and strategic objectives of the organization, internal audit functions are required to conduct post-audit surveys with senior management of the areas that have been audited.

Key compliance attribute and response

Key compliance attribute	Response
4. Average overall usefulness rating from respondents of areas audited.	100% of respondents rated the overall usefulness of audits as "Agree" to "Strongly Agree".

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