Final Report

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

April 1, 2020 to March 31, 2021

Office of the Chief Audit, Evaluation and Risk Executive

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Introduction

The *Policy on Internal Audit* (hereon referred to as the *Policy)* and its associated Directive on Internal Audit (directive) came into effect on April 1, 2017. 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 the Treasury Board Policy or its related directive; if there is a conflict, the *Policy* or directive will prevail.

The Directive on Internal Audit outlines specific requirements of the Chief Audit Executive (CAE) and the associated mandatory procedures for internal auditing in the Government of Canada in subsection A.2.2.3. 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 and 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 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; and
- 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 key compliance attributes for the internal audit function for the reporting period April 1, 2020 to March 31, 2021. 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 is responsible for determining the professional requirements for internal audit in the federal public administration. The OCG relies on the certification and training for the profession provided by the Institute of Internal Auditors. Within departments with internal audit functions, the CAE 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's OCAERE are as follows:

Key compliance attribute	Fiscal Year 2020 to 2021
1(a) Number of internal audit employees	15
1(b) Percent of staff with an internal audit or accounting designation (Certified Internal Auditor (CIA), Chartered Professional Accountant (CPA))	60%
1(c) Percent of staff with an internal audit or accounting designation (CIA, CPA) in progress	20%
1(d) Percent of staff holding other designations (Certified Government Auditing Profession (CGAP), Certified Information Systems Auditor (CISA), etc.)	20%

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's QAIP is as follows:

Key compliance attribute	Response
2(a) Date of last comprehensive briefing to the Departmental Audit Committee on the internal processes, tools, and information considered necessary to evaluate conformance with the Institute of Internal	In 2020-21, the QAIP function of the OCAERE conducted a periodic internal self-assessment of internal audit policies and procedures to ensure conformance with IIA standards. The assessment found a few

Auditors (IIA) Code of Ethics and the Standards and the results of the quality assurance and improvement program (QAIP).	areas of improvement, such as the development of an internal audit charter that defines the purpose, authority and responsibility of the internal audit activity, the documentation of procedures for independence and team competency, the updating of policies, procedures and templates and in the use of TeamMate. The results of the QAIP periodic self-assessment were presented to the Departmental Audit Committee on March 9th 2021.
2(b) Date of last external assessment.	The OCAERE's last external assessment was tabled at the January 28, 2020 Departmental Audit Committee meeting.

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 six 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.

Due to COVID, the OCAERE decided to use a different approach for the March 31, 2020 validation exercise, hence followed up on only high priority recommendations that were due on or before March 31, 2020. Given that the full MAP monitoring exercise has been performed as at November 30, 2020, the OCAERE will present the most recent results of the MAP implementation status in the next report on key compliance attribute.

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date
Audit of RP-1 and RP-2 Contract Oversight Control Framework (Phase 1- Expenditures)[1]	Completed	2018-10-30	N/A	2019-10-31

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[1] Included in the June 2019 Key Compliance Attribute report and were omitted from the March 2020 report in error.

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date
Audit of RP-1 and RP-2 Contract OversightControl Framework (Phase 2- Revenues) [2]	Completed	2018-10-30	N/A	2019-03-31
*** [3]	Completed	2018-10-30	N/A	2022-03-31
Review of Staffing[4]	Completed	2019-06-11	2020-10-16	2020-09-30
Audit of Information Technology (IT) Security	Completed	2020-01-28	2020-10-16	March 2021
Audit of Staffing[5]	Completed	2020-02-04	2020-10-16	September 2021
Audit of the Management of Engineering Assets	Completed	2020-06-01	2020-10-16	2020-09-30
Allen Lands Project Review-Summary Report	Completed	2020-06-26	N/A	N/A
Complexity Assessment of Major Capital/IT Enabled Projects	Completed	2020-06-26	N/A	N/A
Audit of Land, Aerospace, and Marine Procurement	Completed	2020-10-13	2021-03-22	2021-02-26
Preliminary Survey of HR to Pay Risk Management	Completed	2020-09-28	N/A	June 2020
Annual Attestation of the Financial Statements of the Departmental revolving fund FY ended March 31, 2020	Completed	2020-07-03	2020-11-30	N/A

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[2] Included in the June 2019 Key Compliance Attribute report and were omitted from the March 2020 report in error.
[3] Redacted due to report sensitivity
[4] This report is related to the Audit of Staffing and the reports were published together as they refer to one another
[5] This report is related to the Review of Staffing and the reports were published together as they refer to one another

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date
Targeted Review of the Phased Bid Compliance Process	Completed	2020-10-08	2021-03-22	September 2020
Health Check of the E-Procurement Solution: Project Management Framework	Completed	2020-10-27	N/A	November 2020
Health Check of Performance Measurement of Electronic Procurement Solution Project	Completed	2020-11-10	N/A	April 2021
Transformation Assurance Strategy (TAS) of the Electronic Procurement Solution (EPS)	Completed	2020-11-10	N/A	N/A
BDO Independent Third Party Review of Public Services and Procurement Canada (PSPC) E-Procurement Solution (EPS) Project Review – Frozen Allotment Gate #1	Completed	2020-11-10	N/A	July 2023
Health Check of the Centre Block Rehabilitation Program Execution Plan	Completed	2020-12-15	N/A	N/A
***[6]	Completed	2020-12-15	N/A	N/A
Management Action Plan Follow-up #1 – PeopleSoft 9.2 Upgrade Stakeholder Engagement[7]	Completed	2021-03-09	N/A	March 2021
Audit of Peoplesoft 9.2 Upgrade Stakeholder Engagement (Phase 1)	Completed	2020-12-15	TBD	April 2021

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[6] Redacted due to report sensitivity

[7] This engagement was completed in three parts. Publication of the report will be delayed until all three parts are complete.

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date
Audit of the Payroll Validation Process in PeopleSoft 9.2 Upgrade Project	Completed	2020-12-15	N/A	N/A
BDO Independent Third Party Review of Public Services and Procurement Canada (PSPC) E-Procurement Solution (EPS) Project Review – Frozen Allotment Gate #2	Completed	2021-03-09	N/A	September 2021
Health Check of Energy Services Acquisition Program	Completed	2021-02-02	N/A	September 2021
Transformation Assurance Strategy: Laboratories Canada	Completed	2020-06-12	N/A	N/A
Audit of Peoplesoft 9.2 Upgrade Stakeholder Engagement and MAP Follow-up (Phase 2)	In Progress	TBD	TBD	TBD
Audit of Peoplesoft 9.2 Upgrade Stakeholder Engagement and MAP Follow-up (Phase 3)	In Progress	TBD	TBD	TBD
PeopleSoft 9.2 Upgrade – MAP Follow-up Report #2 Consulting Report	In Progress	TBD	N/A	TBD
PeopleSoft 9.2 Upgrade – MAP Follow-up Report #3 Consulting Report	In Progress	TBD	N/A	TBD
Transformation Assurance and Consulting Strategy – Industrial Security Systems Transformation (ISST)	In Progress	TBD	N/A	N/A

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date
Transformation Assurance and Consulting Strategy – Government of Canada Trusted Platform (GCTP)	In Progress	TBD	N/A	N/A
Follow-up to the Audit of IT Security	In Progress	TBD	TBD	TBD
Health Check of Electronic Procurement Solution (EPS) Organizational Change Management and Readiness	Planned	TBD	N/A	TBD
Health Check of COVID Personal Protective Equipment (PPE) Procurement using the Electronic Procurement Solution (EPS)	Planned	TBD	N/A	TBD
Audit of the Charging model	In Progress	TBD	TBD	TBD
Lessons Learned from PSPC's Response to COVID-19	In Progress	TBD	N/A	N/A
Health Check of ISST Organizational Change Management and Readiness	Planned	TBD	N/A	TBD
Independent Third-party Review (ITPR) ISST Milestones 7-8	Planned	TBD	N/A	TBD
Health Check of the ISST's Security Controls	Planned	TBD	N/A	TBD

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date
Health Check of GCTP's Security Controls Phase I	Planned	TBD	N/A	TBD
Health Check of GCTP's Governance and Oversight	Planned	TBD	N/A	TBD
Accrual Budgeting	Planned	TBD	TBD	TBD
SAP S/4 Hana - Placeholder	Planned	TBD	TBD	TBD
Annual Attest Audit of the Financial Report of Administrative Costs Charged to the Canada Pension Plan Account for year ended March 31, 2021	In progress	TBD	TBD	TBD
Annual Attest Audits of the Financial Statements of Revolving Funds for year ending March 31 2021	In progress	TBD	TBD	TBD
Laboratories Canada - Joint Advisory on Governance : Emerging Issues and Risks	Planned	TBD	N/A	TBD
NextGen HR to Pay	Planned	TBD	N/A	TBD

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	Response
4. Average overall usefulness rating from respondents of areas audited.	93% of respondents rated the overall usefulness of audits as "Agree" to "Strongly Agree".