



# ANNUAL REPORT

## of the Standing Committee on Audit and Oversight

Activities and Observations for Fiscal Year 2024-2025



NOVEMBER 2025



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# The Committee Membership



The Honourable  
Marty Klyne  
*Chair*



The Honourable  
Colin Deacon  
*Deputy Chair*



The Honourable  
Tony Loffreda  
*Deputy Chair*



The Honourable  
David M. Wells  
*Deputy Chair*

## External Members



Hélène  
F. Fortin



Robert  
Plamondon

### **Other senators who have participated in the study:**

The Honourable Donna Dasko  
The Honourable Hassan Yussuff

### **Research and Education, Library of Parliament:**

André Léonard, Analyst  
Lindsay McGlashan, Analyst  
Rosemonde Samedy, Analyst

### **Senate Committees Directorate:**

Jodi Turner, Committee Clerk (since September 2024)  
Maxime Fortin, Committee Clerk (until September 2024)  
Martine Willox, Recording Secretary (since March 2025)  
Stéphanie van Beek, Recording Secretary (until March 2025)  
Osvaldo Lopes da Silva Jr., Administrative Assistant (since August 2025)  
Brigitte Martineau, Administrative Assistant (until August 2025)

# Order of Reference

Extract from the *Rules of the Senate*:

**12-7.** (4) the Standing Committee on Audit and Oversight, which, for the purposes of integrity, independence, transparency and accountability, shall be authorized, on its own initiative, to:

- (a) retain the services of and oversee the external auditors and internal auditors;
- (b) supervise the Senate's internal and external audits;
- (c) report to the Senate regarding the internal and external audits, including audit reports and other matters;
- (d) review the Senate Administration's action plans to ensure:
  - (i) that they adequately address the recommendations and findings arising from internal and external audits, and
  - (ii) that they are effectively implemented;
- (e) review the Senate's quarterly financial reports and the audited financial statements, for information purposes; and
- (f) report at least annually with observations and recommendations to the Senate.

# Executive Summary

The Standing Committee on Audit and Oversight (the committee) plays a central role in the Senate of Canada's pursuit of operational excellence and its commitment to serving and maintaining the trust of Canadians.

Established in 2020, the committee provides independent oversight of internal and external audits, upholding the principles of integrity, independence, transparency, and accountability.

To that end, the committee has been instrumental in guiding the development of an accountability framework for independent oversight of the organization's governance, risk management and operational processes, in line with global best practices.

The Senate's internal audit function is anchored by a multi-year risk-based internal audit plan. The plan was designed in coordination with the Senate Administration to assess eight factors that define risk significance and exposure within and across all 85 auditable units of the Corporate, Legal, Legislative and Human Resource sectors and directorates of the Senate Administration. The plan provides a solid foundation for the development of this committee's action plan, which prioritizes the functions where an operational review would be most beneficial.

These efforts aim to ensure that improvements to Senate governance, risk management, and operational efficiency are identified and implemented in a timely and cost-effective manner.

This report summarizes the work of the committee during the 2024–2025 fiscal year. It also presents observations to the Senate from committee members on some of the main audit and oversight matters noted to date. The observations relate to enabling the internal audit function with adequate resources and support; enhancing accountability and transparency with respect to institutional objectives, risk management and performance management; and aligning oversight activities with best practices.

Notable activities during the 2024–2025 fiscal year:

- The committee was especially focused on how internal audit can add value for the Senate. Accordingly, under the direction of the committee, the Chief Audit Executive led the development of the Senate's first multi-year risk-based internal audit plan, which the committee adopted in May 2024.
- The committee continues to oversee the development of the internal audit function and updates to the internal audit plan, including the first engagement under the authority of the new Chief Audit Executive—a

procurement-focused contracting data analytics review which was initiated in February 2025.

- With respect to the committee's external audit mandate, the committee met with the external auditor in its oversight of the financial statement audit for the year ended March 31, 2024, reviewing the audit plan in April 2024 and the audit results in October 2024. After the conclusion of the audit, the committee reviewed the audited financial statements in October 2024 and completed its annual assessment of the external auditor shortly thereafter. The committee has noted that the Senate should publish its financial statements in a timelier manner.

Looking ahead, the committee will oversee the Senate's upcoming internal and external audits, with a focus on how the institution's risk management, control and governance processes can contribute to the efficiency and effectiveness of operations.

To provide the best value for the Senate, the committee is planning to oversee the following new projects as a priority for the 2025–2026 fiscal year, which cover operational activities and horizontal risks:

- an independent multi-year analytical review of Senate expenditures with comparisons to other parliamentary bodies;
- a procurement-focused contracting data analytics review;
- a review of the Senate's governance framework; and
- a review of the administration and approval framework for senators' expenses, including the use of the Unit4 expense claim system, to be undertaken if additional resources to complete the work are allocated by the Senate.

# Background

The Standing Committee on Audit and Oversight (the committee) was created in October 2020 to provide oversight to the Senate's internal and external audits, for the purposes of integrity, independence, transparency and accountability. The committee's membership includes four senators and two external members, making it the only Senate committee with non-parliamentarians. This external membership in the audit and oversight committee is an important aspect of the Senate's governance model, providing an independent, expert perspective.

The committee's mandate is set out in the *Rules of the Senate*, and its work is guided by the *Senate Audit and Oversight Charter*. This charter which was adopted by Senate in June 2022 is currently undergoing its first periodic review. As outlined in the charter, the Senate's governance model separates the role of the committee responsible for managing the financial and administrative matters of the Senate, the Standing Committee on Internal Economy, Budgets and Administration (CIBA), from the committee responsible for oversight, the Standing Committee on Audit and Oversight (AOVS). These two committees are important pillars of the Senate's governance structure, and each have a role in enabling the Senate's internal audit function. The Senate Administration, led by the Clerk of the Senate, is responsible for day-to-day management and support functions; the Chief Audit Executive is responsible for leading an independent internal audit function.

# What does the Standing Committee on Audit and Oversight do?

Members of the Standing Committee on Audit and Oversight promote sound financial management practices and work to ensure the effective use of public resources.



# Introduction

This is the fourth report of the Standing Committee on Audit and Oversight (the committee), which has a mandate to provide oversight to the Senate's operations and expenditures.<sup>1</sup> The committee is appointed by, and reports to, the Senate. Acting with integrity, independence, transparency and accountability, the committee is responsible for overseeing and directing the Senate's internal and external audits, overseeing the adequacy of risk management, governance and internal controls and reporting publicly to the Senate with its observations and recommendations. In carrying out this work, the committee is focused on the effectiveness, economy and efficiency of public expenditures.

The committee and its core principles were established by the Senate in October 2020, following the Auditor General of Canada's 2015 report on the audit of senators' expenses. After study and discussion among senators about the core principles for establishing an effective audit and oversight committee, it was agreed that the committee should be independent and report directly to the Senate.<sup>2</sup> Moreover, it was noted that the committee should have continuous access to Senate Administration management and internal and external auditors, be accountable for appointing and overseeing internal and external auditors, meet regularly and without restriction during intersessional periods, as was the case during this fiscal year, and conduct its work in a transparent manner, while respecting the rules and conventions related to the confidentiality of in camera meetings.<sup>3</sup>

The committee carries out its audit and oversight mandate, in accordance with the *Rules of the Senate* (the Rules) and the *Senate Audit and Oversight Charter* (the Charter), ensuring the independence of the committee from those responsible for decisions on the day-to-day management of financial and administrative matters of the Senate Administration. The committee's composition, which includes external

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<sup>1</sup> Senate, *Journals*, October 1, 2020.

<sup>2</sup> The committee's first annual report to the Senate, *Annual Report of the Standing Committee on Audit and Oversight: Activities and Observations, October 1, 2020 to March 31, 2022*, includes additional details on the history of the committee's creation. See also: Standing Committee on Internal Economy, Budgets and Administration (CIBA), *Audit and Oversight*, Twenty-first report, November 28, 2017; Subcommittee on the Senate Estimates of the Standing Committee on Internal Economy, Budgets and Administration, *Audit and Oversight*, Fifth report, October 26, 2017; and Standing Committee on Rules, Procedures and the Rights of Parliament, *Develop and propose amendments to the Rules of the Senate to establish the Standing Committee on Audit and Oversight*, Tenth report, November 29, 2018.

<sup>3</sup> Senate, Subcommittee on the Senate Estimates of the Standing Committee on Internal Economy, Budgets and Administration, *Audit and Oversight*, Fifth report, October 26, 2017.

members, and its independence from the Standing Committee on Internal Economy, Budgets and Administration (CIBA) are two important aspects of its independence.<sup>4</sup>

This annual report to the Senate on the committee's activities and observations covers the 2024–2025 fiscal year, from April 1, 2024, to March 31, 2025, including the work of the committee's intersessional authority from January 7, 2025, to the end of the fiscal year.

During the 2024–2025 fiscal year, the committee or its intersessional authority worked collaboratively to provide independent oversight to audits; considered governance and risk management matters; and oversaw the work of the Chief Audit Executive, and implementation of the Senate's first multi-year risk-based internal audit plan. The committee was supported by the Senate Administration with information and relevant briefings throughout the year.

## Mandate

Pursuant to Rule 12-7(4), for the purposes of integrity, independence, transparency and accountability, the committee is authorized on its own initiative to supervise and report on the Senate's internal and external audits and other related matters, and to report at least annually to the Senate with its observations and recommendations.<sup>5</sup> The committee's mandate is focused on the internal operations of the institution and therefore plays an important role in the Senate's right to self-governance.

## Membership

The committee is currently composed of four senators, representing each of the Senate's recognized parties or parliamentary groups. In addition, it is the only Senate committee to formally include non-parliamentarians, two external members, in its membership. The external members join the senator members in providing independent oversight and advice; such input is considered an important element of an audit and oversight committee. This composition supports committee discussions that are informed by both insights on the Senate and external perspectives on best practices and standards. The Rules stipulate that external members may participate in all proceedings but shall not vote on any motion put before the committee.

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<sup>4</sup> CIBA is responsible for providing strategic direction, recommending administrative rules and policies for adoption by the Senate, exercising its governance functions and ordering, delegating and supervising management functions.

<sup>5</sup> Senate, *Rules of the Senate of Canada*, September 2024, [Rule 12-7\(4\)](#).

However, all members may include observations and dissenting opinions in any report of the committee.

While the Rules state that the committee will include three senators, the Senate adopted a sessional order, in effect for the 2024–2025 fiscal year, that the committee be composed of four senators and that it be authorized to elect up to two deputy chairs.<sup>6</sup> After year end, at the start of the 45<sup>th</sup> Parliament, the Senate adopted a new sessional order that the committee be composed of four senators and that it be authorized to elect three deputy chairs.<sup>7</sup>

Currently, the committee is chaired by Senator Marty Klyne, joined by deputy chairs, Senator Colin Deacon, Senator David M. Wells and Senator Tony Loffreda, the latter joining the committee in June 2025. The steering committee is composed of the chair and the deputy chairs. During the year, Senator Hassan Yussuff was deputy chair from January 17, 2024, to December 5, 2024, and Senator Donna Dasko was a member of the committee from December 5, 2024, to January 6, 2025, and continued as a member during the intersessional period.

To ensure proper governance and separation of authorities, the Rules state that no senator shall be a member of both the Standing Committee on Audit and Oversight and CIBA, the latter being the committee charged with all matters of a financial or administrative nature relating to the internal management of the Senate. As well, the chair of the Standing Committee on Audit and Oversight must not be a member of the recognized party or recognized parliamentary group to which the chair of CIBA belongs.

The committee's two external members, Robert Plamondon and H el ene F. Fortin, joined the committee as of June 8, 2021.<sup>8</sup> The external members of the committee are appointed to serve during pleasure. So that the terms do not expire at the same time, one external member, Robert Plamondon, was appointed to serve for a period not to exceed four years and the other external member, H el ene F. Fortin, was appointed to serve for a period not to exceed five years. Thereafter, all terms for external members should not exceed five years and should be staggered to ensure continuity. External members are limited to serving a maximum of two terms.<sup>9</sup> In June 2025, the Senate adopted the committee's nomination report reappointing the

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<sup>6</sup> Senate, *Journals*, November 25, 2021.

<sup>7</sup> Senate, *Journals*, June 17, 2025.

<sup>8</sup> Senate, Standing Committee on Audit and Oversight (AOVS), *Nomination of External Members*, Fifth report, June 8, 2021. See also the report on the external member renomination at the start of the first session of the 44<sup>th</sup> Parliament, AOVS, *Nomination of External Members*, First report, December 9, 2021.

<sup>9</sup> AOVS, *Nomination of External Members*, First report, December 9, 2021.

external members—Robert Plamondon for a second term from June 8, 2025, and H  l  ne F. Fortin for the continuation of her first term from June 8, 2021.

## Audit and Oversight Charter

The *Senate Audit and Oversight Charter*, adopted by the Senate in June 2022, outlines the committee’s purpose, authority and responsibilities, and explains the role of the committee in the context of the Senate’s overall governance framework.<sup>10</sup> It recognizes that the Rules establish the committee’s mandate and set out procedures to be followed; in the case of any discrepancy, the Rules shall take precedence over any practice outlined in the Charter. The committee will periodically review the Charter to ensure it reflects best practices in oversight in order to effectively serve the Senate, with the first review initiated in June 2025. At the preliminary stage of its review, the committee will seek input from senators, and the Senate Administration, through the Clerk of the Senate. A report to the Senate will follow.

## Intersessional Authority

Most standing committees can only operate during a session of Parliament, which ends upon dissolution or prorogation. However, pursuant to the Senate Audit and Oversight Charter, during a period of prorogation or dissolution of Parliament and up until the Senate appoints senators to be members of a successor committee, there would be a committee known as the Intersessional Authority on Audit and Oversight. The senator and external members of the committee at the end of the session become the members of the Intersessional Authority on Audit and Oversight, with authority to continue the work of the committee until members of a successor committee are appointed at the start of the next session.

There was an intersessional period following prorogation on January 6, 2025, and dissolution of the 44<sup>th</sup> Parliament on March 23, 2025. During that time, and until members were appointed to the successor committee in the 45<sup>th</sup> Parliament, the work of the committee was carried out by the Intersessional Authority on Audit and Oversight.

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<sup>10</sup> Senate, *Senate Audit and Oversight Charter*, June 23, 2022.

# Meetings

In the 2024–2025 fiscal year, the committee met 12 times to supervise and report on the Senate’s internal and external audits and related matters (further detailed in the section on committee activities). The notices of meetings and the proceedings, including minutes and transcripts of public meetings, are published on the Senate’s website. The attendance at committee meetings is reflected in the minutes.

As well, the Intersessional Authority on Audit and Oversight met twice during the 2024–2025 fiscal year, between the end of the 44<sup>th</sup> Parliament and the end of the fiscal year, to continue the work of the committee.

Attendance at those meetings of the committee or its intersessional authority was as follows:

<b>Member</b>	<b>Affiliation</b>	<b>Meetings Attended/Total</b>
Senator Marty Klyne	Progressive Senate Group	14/14
Senator David M. Wells	Conservative Party of Canada	14/14
Senator Donna Dasko	Independent Senators Group	3/3
Senator Colin Deacon	Canadian Senators Group	12/14
Senator Hassan Yussuff	Independent Senators Group	11/11
Hélène F. Fortin, FCPA	External Member	14/14
Robert Plamondon, FCPA	External Member	14/14

Note: For the official attendance record, consult the minutes of proceedings.

In addition, the steering committee met once during the fiscal year. As well, a working group composed of the committee’s chair and external members and the Chief Audit Executive met in February 2025, to discuss priorities for executive-level internal audit work.

The committee’s approved budget and actual expenditures for the 2024–2025 fiscal year were as follows:

	2024–2025	
	Budget (\$)	Expenditures (\$)
Audit and Oversight Committee Budget	143,124	
Accounting and Audit Services		28,600
Training and Membership Fees		3,972
External Members		76,740
Transfer to Office of the Chief Audit Executive	170,000	
Transfer – Accounting and Audit Services		57,000
Transfer – Contracted Resources		49,560
<b>Total</b>	<b>313,124</b>	<b>215,872</b>

Note: The funds allocated to the committee as part of the Senate's main estimates process for fiscal 2024-2025 total \$313,124. The committee's budget expenditures for fiscal 2024-2025 total \$109,312. During the fiscal year, the committee transferred \$170,000 from its budget to the Office of the Chief Audit Executive for internal audit activities, and of this amount, expenditures for fiscal 2024-2025 total \$106,560.

The committee’s initial allocated budget was established in 2017, prior to its creation, based on an estimate at that time of the annual cost of outsourcing internal and external audit services. This was the allocated budget for fiscal years 2020–2021, 2021–2022 and 2022–2023. In fiscal 2023–2024, following the hiring of the Senate’s new Chief Audit Executive, remuneration related to the position was transferred out of the committee’s budget envelope. The budget of the committee has not been adjusted for the resource needs identified as part of the multi-year risk-based internal audit plan, nor adjusted to reflect the increasing market rates for the provisions of internal and external audit services.

Currently, the Senate’s outsourced internal and external audits, as well as certain internal audit function costs, such as remuneration of a casual employee and training and professional membership fees, are funded through the committee’s budget. The committee’s budget also includes remuneration of its external members, in line with the terms and conditions set out in their appointments and as approved by the Senate.

The external members are remunerated for their work through an annual fee of \$15,000. In addition, they are eligible to be paid \$1,000 per meeting attended and \$250 per briefing session attended. The total of all payments shall not exceed \$60,000 per annum per member. External members are also reimbursed for travel expenses, subject to guidelines established by the Senate. In 2024–2025, the external members, Robert Plamondon and H  l  ne F. Fortin, were remunerated \$38,000 and \$38,740, respectively.

# Committee Activities

In 2024–2025, the committee carried out activities pursuant to its mandate and completed the substantive work set out in its annual work plan. During the fiscal year, the committee provided oversight to the Senate’s internal and external audits; oversaw the work of the Chief Audit Executive in establishing the Senate’s internal audit function; approved the Senate’s first multi-year risk-based internal audit plan; met with the external auditor to discuss the audit of the financial statements for the year ended March 31, 2024; met with Senate Administration management to oversee the status of ongoing work; and discussed priorities for future work of the committee, among other matters. As well, the committee and CIBA exchanged correspondence on matters of shared interest. Finally, in February 2025, the intersessional authority approved the committee’s draft work plan for the upcoming 2025–2026 fiscal year.

The Senate Administration supported the work of the committee, with regular briefings from the Chief Audit Executive at each meeting of the committee or its intersessional authority throughout the fiscal year and from the Chief Financial Officer (CFO) and the Comptroller and Deputy CFO in April 2024, October 2024 and March 2025. The committee acknowledges the contributions of the Senate Administration in providing information and briefings so that the committee could fulfil its oversight responsibilities.

## A. External Audit

The committee is responsible for engaging external auditors; overseeing and supervising the Senate’s external audits by reviewing audit plans, monitoring the progress of ongoing audit work and reviewing audit results reports; and reviewing the Senate Administration’s management action plans, if any, to ensure that they adequately address the recommendations and findings arising from external audits, and that they are effectively implemented. CIBA is responsible for approving the management action plans that result from audit observations, while the Standing Committee on Audit and Oversight is responsible for monitoring the progress and implementation of those plans.

The committee is also responsible for reporting to the Senate regarding external audits and other matters. As mentioned in the Charter, the chair of the Standing Committee on Audit and Oversight will communicate in writing with the chair of CIBA on matters that are relevant to both committees.

During fiscal 2024–2025, the committee was responsible for oversight of the financial statement audit for the 2023–2024 fiscal year, and also reviewed the audit plan for the fiscal 2024–2025 financial statement audit.

Following a competitive process, the Senate’s external auditor, Ernst & Young, was reappointed to conduct the financial statement audits for fiscal years 2024–2025 through 2026–2027, with two additional one-year option periods. In its oversight and evaluation of the external auditor, and following best practices, the committee will continue to consider the auditor’s independence and safeguards in place against threats to institutional familiarity. Annually, the external auditor confirms its independence to the Senate. As well, as part of the committee’s annual evaluation of the external auditor, the committee has not identified any concerns related to its independence.

Regarding the 2023–2024 financial statement audit, the committee met with the external auditor in April 2024 to review the audit plan.<sup>11</sup> There was no significant change to the planned audit approach compared to the previous year and, as is the usual practice, the committee members and the external auditor also met in camera, without the presence of Senate Administration management or committee staff. In line with its oversight of the external audit, the committee inquired about the progress of the year end audit work, in summer and fall 2024.

At the end of October 2024, the committee met with the external auditor to review the auditor’s audit results report on its audit findings for fiscal 2023–2024, which addresses matters that it is required to communicate under professional standards.<sup>12</sup> The external auditor explained that the audit work followed a substantive audit approach. In its presentation, the external auditor also noted that the audit results report highlights areas of audit emphasis, fraud considerations, audit procedures and corrected or uncorrected audit differences, of which there were none. As is the usual practice, the committee members and the external auditor also had an in camera discussion, without the presence of Senate Administration management or committee staff.

As summarized in its audit results report, for areas of audit emphasis, the external auditor tested large key items and other transactions based on random sampling, performed substantive analytics comparing current and prior year balances or amounts, and verified certain amounts through confirmations of those balances. The external auditor also provided an overview of its approach to fraud considerations, as required by professional standards, this approach includes inquiries of those charged with governance and management, and audit work that looks for unusual transactions or anomalies using a data analytics tool. No additional risks were identified as a result of that work.<sup>13</sup> However, the external auditor shared general guidance that audit committees should consider how their organization is leveraging

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<sup>11</sup> AOVS, *Evidence*, April 10, 2024.

<sup>12</sup> AOVS, *Evidence*, October 30, 2024.

<sup>13</sup> *Ibid.*

artificial intelligence (AI) tools and how risks around cybersecurity are being managed.

The external auditor noted that the audit was substantially complete by the end of July 2024 and thanked the Senate Administration for being responsive and timely in its support. Subsequently, the external auditor issued its independent audit opinion on the financial statements in October 2024. While the external auditor noted that the year-end process is efficient, they explained that once the audit work is substantially complete, the delay in issuing an opinion is subject to the timing of presenting their audit results to the committees and the approval of the financial statements.<sup>14</sup>

In October 2024, CIBA approved the audited financial statements for the year ended March 31, 2024, agreed that they be tabled in the Senate and adopted a motion to share the financial statements, management’s internal financial highlights report on the audited financial statements and the external auditor’s audit results with the Standing Committee on Audit and Oversight.<sup>15</sup> The committee subsequently received the independent auditor’s report. The independent auditor’s report states that the financial statements present fairly, in all material respects, the financial position of the Senate as of March 31, 2024, the results of its operations, the change in the net financial position, the change in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards. Consequently, the Senate’s most recent audited financial statements for the 2023–2024 fiscal year received an unqualified (or clean) audit opinion. To date, the Senate’s financial statements have always received an unqualified audit opinion.<sup>16</sup>

As in the prior year, there was no management letter issued by the external auditor for fiscal 2023–2024 with audit observations to management and those charged with governance, describing any significant deficiencies related to internal controls or any other deficiencies identified in the audit. Although the external auditor did not test internal controls, the audit procedures include a walk through of the processes for significant accounts and, in certain cases, understanding the related controls.<sup>17</sup>

Following the completion of the financial statement audit for the fiscal 2023–2024, as part of its oversight of the external auditor, the committee members undertook and completed their annual assessment of the external auditor in November and December 2024.<sup>18</sup> As part of the evaluation process, the committee also received the results of the annual assessment of the external auditor completed by the

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<sup>14</sup> Ibid.

<sup>15</sup> CIBA, *Minutes*, October 10, 2024.

<sup>16</sup> Senate, *Financial Statements of the Senate of Canada for the Year Ended March 31, 2024*.

<sup>17</sup> AOVS, *Evidence*, October 30, 2024.

<sup>18</sup> AOVS, *Minutes*, December 18, 2024.

Senate Administration's Finance and Procurement Directorate. The chair of the committee conveyed the results of the assessment to the external auditor in December 2024.

The committee noted that the financial statements for fiscal 2023–2024 were published 7 months after the year-end. This timeline is similar with past years, aside from fiscal 2022–2023, when the audited financial statements were released 11 months after year end. To demonstrate transparency and accountability, the committee believes that the Senate's financial statements should be approved and made public in a timely manner as the best practices dictate. The committee will continue to monitor the timing of the financial statements for the upcoming fiscal year with a view to their timelier publication and report observations, if any, to the Senate. For comparison, the audited financial statements of the House of Commons are generally issued within three months of year end, and over the last five years were issued on average about 78 days after year end, compared to 237 days for the Senate.

Regarding the 2024–2025 financial statement audit, the committee's intersessional authority met with the external auditor in March 2025 to review the 2025 audit plan, which is consistent with the prior year approach. As is the usual practice, the committee also met with the external auditor without the presence of Senate Administration management or committee staff. In its oversight, the committee communicates with the external auditor and CFO to receive updates on the status of the year-end audit work for the fiscal 2024–2025 financial statement audit, which takes place in June and July 2025.

## **B. Internal Audit**

The committee is responsible for hiring internal auditors; approving a multi-year risk-based internal audit plan; monitoring the progress of ongoing internal audits; and reviewing internal audit reports, accompanying action plans and their implementation.

### **Internal Audit Function**

The Chief Audit Executive is responsible for the Senate's internal audit function. This internal and permanent position was created in the previous fiscal year, and in October 2023, Amipal Manchanda was appointed the Senate's new Chief Audit Executive. In line with the Charter, as adopted by the Senate, the Chief Audit Executive is accountable to and works under the direction of the committee. The Chief Audit Executive is responsible for preparing and implementing a multi-year risk-based internal audit plan; reviewing the adequacy of the risk management, control and governance processes in the Senate; and supervising and conducting internal audits, ensuring appropriate independence. The Senate's internal audits

may be resourced with internal staff, such as the Chief Audit Executive and supporting staff, as well as outsourced, as needed and on the basis of the technical expertise required and the capacity of staff to complete internal audit work.

The work of the Chief Audit Executive and the internal audit function is guided by the Senate Internal Audit Charter (Internal Audit Charter), effective September 2024, which is available internally to senators and the Senate Administration. The draft Internal Audit Charter was adopted by the committee in June 2024.<sup>19</sup> Following consultations on the draft with the Chief Audit Executive and with CIBA, a revised draft was adopted by the committee in September 2024.<sup>20</sup>

The Internal Audit Charter outlines the purpose, authority, and responsibilities of the Senate's internal audit function. It describes the internal audit function's position within the Senate and the Senate Administration; describes accountability and reporting relationships; provides for independence from Senate Administration management; and defines the scope of internal audit activities, ensuring alignment with industry best practices and guidance from the Institute of Internal Auditors, including Global Internal Audit Standards. The purpose of the internal audit function will be to contribute independence and credibility to the oversight of financial management and Senate operations. The Internal Audit Charter will be reviewed at least every three years from its effective date, or as required.

The Chief Audit Executive, and the committee in its oversight, will be responsible for conformance with the Internal Audit Charter and the professional internal audit standards under the Global Internal Audit Standards of the Institute of Internal Auditors. These standards include both mandatory requirements and guidance on the work of the internal audit function and on governing the internal audit function. They also emphasize the role of the audit committee and senior management in supporting and promoting internal audit within the organization. The committee and the Chief Audit Executive will review its conformance with the mandatory elements of the Global Internal Audit Standards and document evidence of its adherence to these standards.

During the year, the Chief Audit Executive regularly briefed the committee or its intersessional authority on the activities of the Office of the Chief Audit Executive, including monthly strategic and operational updates, a semi-annual plan, and short-term resourcing strategy. Further, the Chief Audit Executive presented the Framework for an Internal Audit Function to the committee in November 2024 and shared a revised version with the intersessional authority in February 2025.

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<sup>19</sup> AOVS, *Minutes*, June 5, 2024.

<sup>20</sup> AOVS, *Minutes*, September 25, 2024.

## **Risk Management**

During the year, in its oversight of risk management, the committee considered the risk management framework and the institutional risk register. The Senate Administration's institutional risk management framework establishes that the institutional risk register is updated biannually, in June and December or as required, and approved by the Clerk of the Senate. The institutional risk register, updated as of June 2024, was shared with the committee and the Chief Audit Executive at the end of November 2024.

The committee is satisfied that there is a clear segregation between the risk management function, led by the CFO, and the independent internal audit function, led by the Chief Audit Executive. Additionally, during the year, the committee's intersessional authority and the Chief Audit Executive discussed the role of internal audit in providing an enterprise-wide view of risks and the identification of systemic risks.

## **Multi-Year Risk-Based Internal Audit Plan**

The Senate's first multi-year risk-based internal audit plan, the 2024–2027 Risk-Based Internal Audit Plan, was approved by the committee in June 2024, and served to identify planned internal audit engagements and a proposed budget and resourcing plan for the Senate's new internal audit function. The plan sets out the Senate's internal assurance universe (areas for possible review or audit), the methodology and the approach to risk assessment in preparing the plan. In particular, the plan proposed several assurance and advisory engagements to launch from 2024–2025 to 2026–2027, covering multiple auditable units of the Senate's internal audit universe, while addressing areas of high-risk exposure and significance. The internal audit universe includes operational activities, compliance with authorities, horizontal risks and emerging issues. In preparing the plan, the Chief Audit Executive's consultations focused on identifying auditable units and applying a risk rating to each of those areas.

The Senate's multi-year risk-based internal audit plan was prepared by the Chief Audit Executive based on analyses of key Senate documents and interviews with senators, CIBA, members of the Audit and Oversight Committee, key personnel within the Senate Administration and the Senate's external auditor. The Chief Audit Executive considered the Senate's operating context, including the role of the Senate and the responsibilities of the Senate Administration, and how that context informs the role and scope of the Senate's internal audit function. The Chief Audit Executive also met separately with all groups of senators, to be informed of different perspectives to incorporate into the multi-year risk-based internal audit plan.

The committee oversaw the process of establishing the Senate’s first multi-year risk-based internal audit plan. In the previous fiscal year, the committee met regularly with the Chief Audit Executive to oversee the approach to developing the plan and the progress of that work. The Chief Audit Executive presented an overview of the various steps and consultations and targeted timeframes in December 2023, briefed the committee on the progress of initial detailed analyses and consultations in February 2024, and presented additional information on the planned approach and methodology in March 2024.

In April 2024, the committee undertook a detailed review to ensure that the multi-year risk-based internal audit plan was appropriately focused. The members provided feedback on the framework for preparing the plan and on the initial draft of the plan and had a discussion on the proposed approach, risk assessments and elements of the plan, including the planned work, its sequencing and the resources required.

The committee acknowledges the work of the Chief Audit Executive in preparing the plan, and the contributions of Senate Administration management in sharing their perspectives. Their collaboration, in addition to the input from members of the committee and CIBA, will continue to ensure that the planned assurance work is value-added.

During the year, the Chief Audit Executive presented various briefs to the committee including several iterations of the draft summary and draft detailed multi-year risk-based internal audit plans in April and May 2024; an internal audit engagement map in April 2024; the Risk-Based Assurance Planning Process Map in May 2024; and the 2024–2025 Office of the Chief Audit Executive Estimated Resource Work Plan in May 2024. At the end of May 2024, the committee approved a final draft multi-year risk-based internal audit plan.

In June 2024, the committee presented its 12<sup>th</sup> report to the Senate on implementation of the risk-based internal audit plan, highlighting the first cycle of planned work and the related resource requirements to carry-out future internal audit engagements and ensure the internal function is adequately resourced.<sup>21</sup> For fiscal 2024–2025, the funds available to the internal audit function were allocated from the committee’s existing budget.

In October 2024, the committee considered a revised proposed budget from the Office of the Chief Audit Executive, and in December 2024, the committee reviewed an updated summary and detailed multi-year risk-based internal audit plan, which was revised to reflect the availability of internal audit resources and funding.

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<sup>21</sup> AOVS, [\*Implementation of the risk-based internal audit plan\*](#), Twelve report, June 17, 2024.

In February 2025, the Office of the Chief Audit Executive briefed the committee’s intersessional authority on its annual review and update of the multi-year risk-based internal audit plan, for the draft 2025–2028 Risk-Based Internal Audit Plan. As part of this work, the Chief Audit Executive met with key stakeholders including the Clerk of the Senate and senior management within the Senate Administration. The discussions focused on identifying any changes that could indicate an emerging risk that may need to be addressed in the updated multi-year risk-based internal audit plan, and also focused on raising awareness of the role of internal audit.

Further, the committee’s intersessional authority directed the Chief Audit Executive to consult with a working group of the committee to undertake a number of executive-level internal audit projects as part of the audit planning process, including an expenditure benchmarking analysis and a high-level review of the performance management framework. The committee will continue to oversee the work of the Chief Audit Executive in leading an independent internal audit function responsible for carrying out work under the multi-year risk-based internal audit plan. As the internal audit function is established, and with access to the people, information and resources essential to the fulfilment of the planned assurance work, the Senate’s internal audit function will be positioned to share findings, recommendations and action plans.

In terms of priorities for 2025–2026, the committee will continue to oversee implementation of the multi-year risk-based internal audit plan and the related internal audit resource needs. The Chief Audit Executive presented a refreshed draft 2025–2028 Risk-Based Internal Audit Plan to the committee for approval. The committee will also communicate information on this plan to CIBA, the Senate and the Senate Administration. The availability of in-house and outsourced internal audit resources will impact the timing of future internal audit engagements and bring the Senate's internal audit function more in line with best practices, leading to greater effectiveness and efficiency in Senate operations. Once the internal audit function is fully established, the committee’s annual report to the Senate will include the key indicators and main statistics of the internal audit function and its performance, including the number and types of completed and planned audits, as well as significant observations and recommendations.

## **Internal Audit Engagements**

The first internal audit engagement approved by the committee is the Review of Senate Contracting using Data Analytics, with a review (limited) level of assurance. The objective is to provide trend-based insights into Senate spending via contracts and to analyze contract data. The scope of the work includes procurement activity within the Senate and the Senate Administration from 2019 to 2024. Funds were transferred from the committee’s existing budget to the Office of the Chief Audit Executive to outsource the engagement.

In January 2025, following a competitive process, Samson was awarded the contract to perform the contracting data analytics review. The committee's intersessional authority met in February 2025 to review the terms of reference for the contracting data analytics review, which set out the engagement approach and methodology, with planning and execution in February and March 2025, and reporting expected in June 2025. The final report will be presented to the committee in October 2025.

### **Monitoring Internal Audit Reports and Action Plans**

In terms of previous internal audits and reviews, which were outsourced by the Senate, the committee monitored management's progress against two outstanding recommendations related to an independent joint Senate and House of Commons cybersecurity review. The work was carried out by a professional services firm between January and March 2022. The Senate Administration provided related updates on the two outstanding recommendations to the committee in January and October 2024.

## **C. Review of Financial Reports**

The committee is responsible for reviewing the Senate's quarterly financial reports and the audited financial statements, for information purposes. The committee considers the reports and the financial statements for matters that are relevant to its oversight of the Senate's spending and operations. The committee's review may also inform its oversight of the Senate's multi-year risk-based internal audit plan, as well as the committee's observations and recommendations to the Senate.

The Senate Administration prepares internal quarterly financial reports that are presented to CIBA and reviewed by its Subcommittee on Senate Estimates and Committee Budgets. Those quarterly reports are for internal purposes only and are not published. The reports provide actual spending to date as of the end of the quarter, compared both to the same period for the prior year and to budget, and include a summary of budgetary authorities, an analysis of current expenditures and forecasted expenditures.

During the 2024–2025 fiscal year, the committee received the Senate's quarterly financial report for the first quarter (Q1), covering the period April 1, 2024, to June 30, 2024, in October 2024; and the quarterly financial report for the second quarter (Q2), covering the period ending September 30, 2024, in December 2024. The third-quarter report (Q3) for 2024–2025, for the period ending December 31, 2024, was received in April 2025.

Regular and timely preparation of internal quarterly financial reports is part of the Senate's internal control framework. Further, the committee's review of the quarterly financial reports, for information, is part of its own audit planning process

and its process for identifying items that might require further review. The committee notes that following best practices quarterly financial reports should be prepared shortly after the quarter end, generally within 60 days, and that this timing should be established as a performance indicator.

In 2024–2025, the committee also reviewed the Senate’s audited financial statements for fiscal year 2023–2024, including the accounting policies disclosed in the notes to the financial statements. As well, the committee reviewed management’s annual financial highlights, covering the period April 1, 2023, to March 31, 2024. In its review, the committee met with the CFO in December 2024, almost 6 months after year end. While acknowledging the high quality of the documents prepared by the CFO, the Comptroller and the Finance and Procurement Directorate, and their clear explanations in answering the committee’s questions, the committee believes that the review of the audited financial statements should take place within three months of the end of the fiscal year.

## Observations

In carrying out its mandate, the committee has discussed a few observations which it would like to highlight in this annual report. The committee has also identified several priorities for the upcoming year, and certain projects from the multi-year risk-based internal audit plan which address important risks that will require either additional resources or extended timelines.

### A. Enabling the Internal Audit Function

For the upcoming fiscal year, the committee will be focused on enabling the internal audit function and leveraging both in-house and outsourced internal audit expertise. The committee is recommending the following new projects as a priority for the next fiscal year: an independent multi-year analytical review of Senate expenditures, an independent review of the Senate governance framework, and an independent review of the framework for the administration and approval of senators’ expenses, including the use of the Unit4 expense claim system.

The committee recognizes the importance of taking a collaborative and supportive approach when dealing with audit and oversight matters and management and has encouraged the Chief Audit Executive to maintain open communication and develop a robust relationship with Senate Administration management. The committee will continue to work with the Senate Administration, through the work of the Chief Audit Executive and the new internal audit function, focusing on areas where risks have been identified or where practices, processes or controls can be strengthened.

The communication and coordination between the Audit and Oversight Committee and CIBA will be essential to the success of the Senate’s internal audit function, in

particular as it relates to the Senate’s Administration understanding of the role of internal audit, and support for establishing in-house internal audit capacity, with the necessary expertise, resources and tools to implement the revised multi-year risk-based internal audit plan. While CIBA oversees and directs all financial and administrative matters concerning the Senate’s internal management, the work of the Audit and Oversight Committee is distinct and independent, as it oversees and directs internal and external audits and considers related matters.

Currently, the internal audit function has one approved full-time equivalent position, the Chief Audit Executive, one casual employee, the Special Advisor to the Chief Audit Executive, and some capacity within the committee’s existing budget to outsource certain internal audit engagements. In its review of the revised multi-year risk-based internal audit plan, the committee will consider the sufficiency of internal audit resources in line with relevant benchmarks of internal audit investments, and will communicate the impact of any resource limitations on internal audit coverage or restrictions on access to the information to the Senate.

Accordingly, the committee notes that as reflected in the 2025–2028 Risk-Based Internal Audit Plan, the following projects which are marked as priority internal audit engagements will be undertaken when requested budget authorities are approved by the Senate: a framework maturity assessment of the approval of senators’ expenses; an assessment of practices, procedures, and protocols to support Senators from appointment to retirement; a framework maturity assessment of off-precinct security for senators; an audit of information technology general controls; and a mapping of the performance management framework; as well as three other projects planned for 2027–2028, subject to annual updates to the internal audit plan.

## **B. Accountability and Transparency**

Transparent and timely reporting are fundamental to effective accountability, and some of the Senate’s current practices support this. For example, the Senate publishes planned annual spending at the start of the fiscal year, quarterly proactive disclosure reports on expenditures and contracts within 60 days of the quarter end and annual financial statements, the latter of which is audited by an independent external auditor. The Senate also publishes an annual report on the activities and expenditures of Senate Committees.

Building on those important accountability reports, the committee continues to encourage the Senate to consider how the Senate Administration can increase its transparency on strategic objectives and priorities, significant risks facing the institution, key performance indicators, accomplishments and financial information, as well as ensuring that information is available in a timely manner. As noted in last year’s observations, an annual report is one tool that can provide more than

financial information; it can shed light on how public money has been spent, including information on an organization’s strategic priorities and objectives, risks, operations, governance and measures of success. While the committee has previously considered best practices in these areas, the committee notes that greater insights and opportunities for improvement could be gained through the work of the internal audit function.

## C. Enhancing Oversight

The committee continues to discuss how its oversight responsibilities can best be accomplished. As noted in last year’s observations, the committee will continue to monitor the timeliness of financial reports to ensure the Senate follows best practices. Financial information, including the published financial statements and internal quarterly financial reports, should be available shortly after the period end.

Under the current approach, the committee received the financial statements for fiscal 2023–2024 after they were approved and once the independent auditor’s report was signed, and as a result, there were no opportunities to offer comments prior to the statements being finalized. As raised previously, the timing of when information is shared with the committee could also be improved to follow best practices, in particular to allow more meaningful oversight of the financial statements and leverage the insights and expertise of the committee’s external members before the financial statements are approved by management and CIBA.

## Committee Effectiveness

In April and May 2025, members completed a self-assessment questionnaire covering the activities of the committee for the 2024–2025 fiscal year. This exercise is a best practice for audit and oversight committees, to help members reflect on the work of the committee and their individual and collective strengths, as well as areas where the committee could be more effective in fulfilling its mandate. Regarding the last point, the importance of communication and collaboration between the committee and the Senate Administration, CIBA and the institution as a whole, will be essential for the committee to be a valuable partner as part of the Senate’s governance.

The self-assessment feedback highlights that committee members are satisfied with the work achieved to date, but mindful of the continued efforts required in communicating and demonstrating value to the Senate. The committee has benefited from both stability in its membership and new views, and with this, has continued to adapt to changes within and outside the institution and strengthened its oversight practices.

## Conclusion

During the 2024–2025 fiscal year, the Standing Committee on Audit and Oversight provided oversight of external and internal audit work and this report to the Senate highlights those activities and the committee’s related observations. The committee continues to oversee the external auditor and their important work in performing an independent audit of the Senate’s annual financial statements. As well, the committee has been especially focused on enabling the work of the internal audit function and the Chief Audit Executive, by approving a multi-year risk-based internal audit plan that will guide priority internal audit projects over several years.

Articulating the role of an audit committee and its independent oversight work continues to be of importance to the committee to address areas where there is a perceived duplication of efforts. However, early engagement is one way the committee’s expertise can add value for the Senate. In the achievement of internal audit mandates, the committee will continue to monitor how the progress of that work is affected by the financial resources available to the internal audit function. The committee will continue its engagement across the Senate and work with the Chief Audit Executive to ensure internal audit priorities are aligned to provide meaningful insights and value for senators, the Senate and Canadians.



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