



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

April 1, 2021 to March 31, 2022

Office of the Chief Audit,
Evaluation and Risk Executive

Date: May 2022

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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 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, 2021 to March 31, 2022. 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 2021 to 2022
1(a) Number of internal audit employees ¹ <ul style="list-style-type: none"> • Assurance and consulting Services: 16 employees • Quality Assessment & Process Improvement (QAPI): 3 employees • Departmental Audit Committee (DAC) Secretariat: 1 employee 	20
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	15%

¹ Excluding employees on leave as at March 31, 2022

1(d) Percent of staff holding other designations (Certified Government Auditing Profession (CGAP), Certified Information Systems Auditor (CISA), etc.)	30%
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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 Auditors (IIA) Code of Ethics and the Standards and the results of the quality assurance and improvement program (QAIP).	<p>In 2021-22, the Quality Assurance and Practice Improvement (QAPI) function of the OCAERE conducted an internal self-assessment of internal audit policies and procedures to ensure conformance with IIA standards. The assessment found the following areas of improvement:</p> <ul style="list-style-type: none"> • enhancing the Risk-Based Audit Plan planning, • development of a training plan for internal audit staff, • strengthening internal audit procedures and tools, • strengthening data analytics approach, • strengthening relationships and communications with stakeholders, and • strengthening written audit reporting such as to comply with Treasury Board of Canada Secretariat accessibility guidelines. <p>The results of the QAIP periodic self-assessment were presented to the Departmental Audit Committee on March 29-30th 2022.</p>
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.

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date	Implementation Status ²
Audit of RP-1 and RP-2 Contract Oversight Control Framework (Phase 1- Expenditures)	Completed	October 30, 2018	March 11, 2019	October 2019	89%
Audit of RP-1 and RP-2 Contract Oversight Control Framework (Phase 2- Revenues)	Completed	October 30, 2018	March 11, 2019	March 2019	100%
Office of the Comptroller General Horizontal Audit of Business Continuity Planning (BCP)	Completed	October 2017	August 2018	March 2019	53%
*** 3	Completed	October 30, 2018	N/A	March 2019	60%
Review of Staffing	Completed	June 11, 2019	November 16, 2020	September 2020	50%

² The most recent status update that included all MAPs was debriefed at DAC in September 2021. A subsequent update was provided to DAC in March 2022 that included MAPs that were due and overdue. The implementation status included in this report includes information from both the September 2021 and March 2022 update.

³ Redacted due to report sensitivity

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date	Implementation Status ²
Audit of Information Technology (IT) Security	Completed	January 28, 2020	October 16, 2020	March 2021	23%
Audit of Staffing ⁴	Completed	February 4, 2020	October 16, 2020	September 2021	57%
Audit of the Management of Engineering Assets	Completed	June 1, 2020	October 16, 2020	September 2020	44%
Audit of Land, Aerospace, and Marine Procurement	Completed	October 13, 2020	March 22, 2021	February 26, 2021	100%
Preliminary Survey of HR to Pay Risk Management	Completed	September 28, 2020	N/A	September 2020	100%
Targeted Review of the Phased Bid Compliance Process	Completed	October 8, 2020	March 22, 2021	September 2020	80%
Health Check of Performance Measurement of Electronic Procurement Solution Project	Completed	November 10, 2020	N/A	April 2021	To be assessed
BDO Independent Third Party Review of Public Services and Procurement Canada (PSPC) E-Procurement Solution (EPS) Project Review – Frozen Allotment Gate #1	Completed	November 10, 2020	N/A	July 2023	50%
Audit of Peoplesoft 9.2 Upgrade Stakeholder Engagement (Phase 1)	Completed	December 15, 2020	January 25, 2022	April 2021	100%
BDO Independent Third Party Review of PSPC EPS Project	Completed	March 9, 2021	N/A	September 2021	20%

⁴ 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	Implementation Status ²
Review – Frozen Allotment Gate #2					
Health Check of Energy Services Acquisition Program	Completed	February 2, 2021	N/A	September 2021	54%
Health Check of the EPS: Project Management Framework	Completed	October 26, 2020	N/A	November 2020	40%
Audit of Peoplesoft 9.2 Upgrade Stakeholder Engagement and MAP Follow-up (Phase 2)	Completed	May 12, 2021	January 25, 2022	June 2021	100%
Audit of Peoplesoft 9.2 Upgrade Stakeholder Engagement and MAP Follow-up (Phase 3)	Completed	August 4, 2021	January 25, 2022	No MAP issued	N/A
Review of the Payroll Validation Process in the PeopleSoft 9.2 Upgrade Project	Completed	May 2021	N/A	No MAP issued	N/A
Industrial Security Systems Transformation (ISST)	Completed	December 16 2020	N/A	March 2022	25%
Follow-up to the Audit of IT Security	Completed	December 20, 2021	May 2022	March 2025	0%
Audit of the Charging model	Completed	December 20, 2021	May 2022	November 2022	0%
Lessons Learned from PSPC's Response to COVID-19	Completed	September 13, 2021	N/A	No MAP issued	N/A
Health Check of EPS Organizational	In Progress	TBD	N/A	TBD	TBD

Engagement Title	Engagement Status	Report Approved Date	Report Published Date	Original Planned MAP Completion Date	Implementation Status ²
Change Management and Readiness					
Laboratories Canada - Joint Advisory on Governance : Emerging Issues and Risks	In Progress	TBD	N/A	N/A	N/A
Accrual Budgeting	In Progress	TBD	TBD	TBD	TBD
Clinical Trial Material Facility (CTMF)	In Progress	TBD	TBD	N/A	N/A
Vaccine attestation	In Progress	TBD	TBD	TBD	TBD
Health check of Government of Canada Trusted Platform's (GCTP) governance	In Progress	TBD	N/A	TBD	TBD
Health check on change management for the EPS - Phase II	In Progress	TBD	N/A	TBD	TBD
Health Check of ISST Organizational Change Management and Readiness	Planned	TBD	N/A	TBD	TBD
Independent Third-party Review (ITPR) ISST Milestones 7-9	Planned	TBD	N/A	TBD	TBD
Health Check of the ISST's Security Controls	Planned	TBD	N/A	TBD	TBD
Health Check of GCTP's Security Controls Phase I	Planned	TBD	N/A	TBD	TBD
Health check of GCTP's security controls phase II	Planned	TBD	N/A	TBD	TBD
EPS ITPR Gate #3 frozen allotment (Milestone 6-8)	Planned	TBD	N/A	TBD	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.	100% of respondents rated the overall usefulness of audits as "Agree" to "Strongly Agree".