



Program: Internal Audit
Program Based Budget
2010 - 2012

Overview

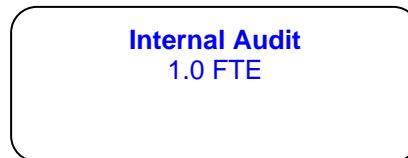
Program: Internal Audit
Vision Statement: Internal Audit is an independent, objective assurance and advisory service, which is established to add value and improve the Town's operations.
Mission Statement: Internal Audit's mission is to assist the Town in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Introduction

The Internal Audit Department serves Council and management, assesses the ethical climate, effectiveness and efficiency of operations and provides a safety net for the Town's compliance with rules, regulations and overall best business practices.

Program Services

The Internal Audit Department provides the Internal Audit program.



Major Accomplishments in 2009

- Established the Anti-fraud Program
- Established an Integrated Risk Management framework and User Manual
- Conducted an Integrated Risk Management pilot project in the Town of Oakville Public Library
- Co-wrote Town of Oakville Policy and Procedures for Integrated Risk Management
- Completed 70% (11 of 16) of the 2009 Annual Work Plan

Program Significant Issues

It is not possible to audit all of the Town's operations during a twelve month period. Determining which areas to audit at the Town and allocating audit resources to those areas is fundamental to an effective audit process.

Strategic Objectives (Initiatives) for 2010 – 2012

Council's Strategic Goal/Area of Focus (If Applicable)	Program Strategic Objective	Guidelines for Deliverables	Expected Outcome/Timing	Program Service
To be accountable in everything we do To continuously improve our programs and services To have programs and services that are fiscally sustainable To ensure that our staff receives the same level of respect, commitment and caring that they are expected to deliver to the community To be innovative in everything we do To be honest in everything we do To be dedicated in everything we do To treat everyone with respect	Establishment of an Integrated Risk Management Model	Roll out Integrated Risk Management (IRM) program throughout the Town Conduct workshops on IRM	Roll out the Integrated Risk Management program in all Town departments	- Special Projects - Advisory Services
	Annual Work Plan	Audit Sub-Committee review and approve the Annual Work Plans	Review and approval within the first quarter of the year	- Cash Handling Audits - Prioritized Projects -Comprehensive Reviews - Follow-up Audits
	Establishment of an Anti-fraud Program	Assist departments in conducting fraud and misconduct risk assessments, and developing a comprehensive auditing and monitoring plan	Roll out the Anti-fraud program in all Town departments	- Special Projects - Advisory Services

Internal Audit 2010 Expenditure Summary by Program and Service

	2009 Budget	2009 YTD Actuals	2010 Base Budget	Base Budget Change (%)	2010 Requested Adjustments	2010 Requested Budget	2009 - 2010 Change (%)
EXPENDITURE BY PROGRAM							
Internal Audit	146,300	112,149	149,700	2.3%	0	149,700	2.3%
Total EXPENDITURE BY PROGRAM	146,300	112,149	149,700	2.3%	0	149,700	2.3%
REVENUES							
Total Revenues	0	0	0	0.0%	0	0	0.0%
Tax Levy Requirement	146,300	112,149	149,700	2.3%	0	149,700	2.3%
TAX LEVY BY PROGRAM							
Internal Audit	146,300	112,149	149,700	2.3%	0	149,700	2.3%
Total TAX LEVY BY PROGRAM	146,300	112,149	149,700	2.3%	0	149,700	2.3%
Gross Expenditures by Type							
Salaries, Wages, Benefits	146,300	112,149	149,700	2.3%	0	149,700	2.3%
Gross Operating Expenditures	146,300	112,149	149,700	2.3%	0	149,700	2.3%

Internal Audit

2011 - 2012 Expenditure Summary by Program and Service

	2010 Requested Budget	2011 Preliminary Base Budget	Base Budget Change (%)	2011 Requested Adjustments	2011 Forecast Requested Budget	2010-2011 Change (%)	2012 Forecast Base Budget	2012 Requested Adjustments	2012 Forecast Requested Budget	2011-2012 Change (%)
EXPENDITURE BY PROGRAM										
Internal Audit	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%
Total EXPENDITURE BY PROGRAM	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%
REVENUES										
Total Revenues	0	0	0.0%	0	0	0.0%	0	0	0	0.0%
Tax Levy Requirement	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%
TAX LEVY BY PROGRAM										
Internal Audit	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%
Total TAX LEVY BY PROGRAM	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%
Gross Expenditures by Type										
Salaries, Wages, Benefits	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%
Gross Operating Expenditures	149,700	153,600	2.6%	0	153,600	2.6%	158,200	0	158,200	3.0%

Service: Internal Audit

Purpose of Service:

Internal auditing serves Council and management, assesses the ethical climate, effectiveness and efficiency of operations and provides a safety net for the Town's compliance with rules, regulations and overall best business practices. Internal Audit provides activities including cash handling audits, prioritized projects, comprehensive reviews, follow-up audits, special projects and advisory services.

Service: Internal Audit

Activity	Responsibilities	Current Service Level
Identifying, reviewing and evaluating management operations and processes to minimize risk to the corporation	To assess the Town's risk management, control and governance processes, as designed and represented by management, to determine whether these processes are adequate and appropriate. Issue reports to the Audit Committee and management summarizing results of Internal Audit activities	Report to the Audit Committee and management on significant issues related to the adequacy and effectiveness of the Town's processes for controlling its activities and managing risks, including recommendations for improvements to those processes and management's response for implementing corrective actions Periodically provide information on the status of the annual audit plan to the Audit Committee

Activity	Responsibilities	Current Service Level
Determining compliance with legislation, regulations, policies and procedures	To provide reasonable assurance that the activities of the Town are in compliance with applicable federal and provincial statutes and regulations, with Town goals, objectives, policies, plans, procedures, standards, regulations, by-laws and other Council directives Issue reports to the Audit Committee and management summarizing results of Internal Audit activities	Report to the Audit Committee and management on significant issues related to the adequacy and effectiveness of the Town's processes for controlling its activities and managing risks, including recommendations for improvements to those processes and management's response for implementing corrective actions Periodically provide information on the status of the annual audit plan to the Audit Committee
Assessing the efficiency, economy and effectiveness of departmental programs and management practices and controls for safeguarding the Town's assets	To provide independent and objective assurance on the efficiency and effectiveness of Town operations Issue reports to the Audit Committee and management summarizing results of Internal Audit activities	Report to the Audit Committee and management on significant issues related to the adequacy and effectiveness of the Town's processes for controlling its activities and managing risks, including recommendations for improvements to those processes and management's response for implementing corrective actions Periodically provide information on the status of the annual audit plan to the Audit Committee

Key Performance Indicators

CUSTOMER BENEFITS/IMPACTS	INDICATORS	Target FY09	Actual/Projected FY 09	Target FY 10
Provide timely, value added and relevant recommendations	• % of projects that meet target date	80%	70% (at end of 3 rd qtr)	80%
	• % of Audit recommendations accepted	95%	95%	95%
	• % of Audit recommendations implemented (18 months)	82%	70% (at end of 3 rd qtr)	82%
Deliver quality audit reports to clients and stakeholders	• Post project satisfaction rating (out of 5)	4.5	4.0 (at end of 3 rd qtr)	4.5
	• # of report issue to clients/stakeholders	10	9 (at end of 3 rd qtr)	10

PROGRAM OUTCOMES	INDICATORS	Target FY09	Actual/Projected FY 09	Target FY 10
To assist Council and management in its oversight and accountability activities for the Town of Oakville	<ul style="list-style-type: none"> Report to the Audit Committee and management on significant issues related to the adequacy and effectiveness of the Town's processes for controlling its activities and managing risks, including recommendations for improvements to those processes and management's response for implementing corrective actions (number of Audit Sub-committee meetings) 	4	3 (at end of 3 rd quarter)	4

Internal Audit Budget Summary

	2009 Approved Budget	2009 YTD Actuals	2010 Base Budget	2009-2010 Base Budget Change (%)	2010 Recommended Adjustments	2010 2010 Budget	2009-2010 Change (%)	2011 Forecast Budget	2012 Forecast Budget
By Expenditure Type									
Salaries, Wages, Benefits	146,300	112,149	149,700	2.3%	0	149,700	2.3%	153,600	158,200
Gross Operating Expenditures	146,300	112,149	149,700	2.3%	0	149,700	2.3%	153,600	158,200
Tax Levy Requirement	146,300	112,149	149,700	2.3%	0	149,700	2.3%	153,600	158,200
By Service Programs									
Internal Audit	146,300	112,149	149,700	2.3%	0	149,700	2.3%	153,600	158,200
Service Total	146,300	112,149	149,700	2.3%	0	149,700	2.3%	153,600	158,200

Service Results Narrative:

The proposed budget will enable the program to identify, review and evaluate management operations and processes to minimize risk to the corporation; determine compliance with legislation, regulations, policies and procedures; and assess the efficiency, economy and effectiveness of departmental programs and management practices and controls for safeguarding the Town's assets.

2010 Plan

Program Base Budget Adjustments

Activity/Responsibility	Reason for Adjustment	Service Level	Department Objective	Cost
Internal Audit	Increase base budget for inflation and merit impact on salaries and benefits	Maintain current service level	Ensure appropriate skilled staff to administer current program services	\$3,400

2011 Plan

Program Base Budget Adjustments

Activity/Responsibility	Reason for Adjustment	Service Level	Department Objective	Cost
Internal Audit	Increase base budget for inflation and merit impact on salaries and benefits	Maintain current service level	Ensure appropriate skilled staff to administer current program services	\$3,900

2012 Plan

Program Base Budget Adjustments

Activity/Responsibility	Reason for Adjustment	Service Level	Department Objective	Cost
Internal Audit	Increase base budget for inflation and merit impact on salaries and benefits	Maintain current service level	Ensure appropriate skilled staff to administer current program services	\$4,600