

Subject: Office of the Auditor General (OAG) – Audit Charter

File Number: ACS2023-OAG-BVG-0007

Report to Audit Committee on 22 September 2023

and Council 27 September 2023

Submitted on September 13, 2023 by Nathalie Gougeon, Auditor General

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Ward: Citywide

Objet : Bureau de la vérificatrice générale (BVG) – Charte de vérification

Numéro de dossier : ACS2023-OAG-BVG-0007

Rapport présenté au Comité de la vérification

Rapport soumis le 22 septembre 2023

et au Conseil le 27 septembre 2023

Soumis le 2023-09-13 par Nathalie Gougeon, Vérificatrice générale

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Audit Committee recommend Council approve the Office of the Auditor General's Audit Charter.

RECOMMANDATION(S) DU RAPPORT

Que le Comité de la vérification recommande au Conseil d'approuver la charte de vérification du Bureau de la vérificatrice générale.

BACKGROUND

The Auditor General By-law No. 2021-5 establishes the position and duties of the Auditor General (AG) of the City of Ottawa, including statutory powers. It outlines, at a high level, the responsibilities, accountability and reporting requirements of the OAG.

Section 6, item 5 of the By-law states that “the Auditor General shall establish such protocols and procedures that are necessary for the conduct of such audits, consistent with the Institute of Internal Auditors’ (IIA) International Standards for the Professional Practice of Auditing and changes to these standards from time to time, except requirements applicable to consulting services.” The Standards include principles and requirements for undertaking professional auditing and for evaluating audit performance.

DISCUSSION

As mentioned in the background section of this report, the Auditor General By-law establishes the position and duties of the AG and further outlines, at a high level, the responsibilities, accountability and reporting requirements of the OAG. However, the By-law fails to outline more specific requirements regarding independence, conflicts of interest and reporting on the OAG’s effectiveness to the Audit Committee, which are required as part of the IIA Standards. As such, in 2021, the OAG created an audit charter to supplement the By-law and ensure that all aspects of the IIA Standards were covered and communicated to the Audit Committee. On May 25, 2021, the Audit Committee recommended that Council approve the OAG’s audit charter (ACS2021-OAG-BVG-005). Council subsequently approved the audit charter on June 9, 2021. The Auditor General committed to performing an annual review of the Charter to ensure it continuously reflects the IIA Standards. Based on our review, only very minor housekeeping changes (identified in tracked changes in Document 2) are required to the Charter at this time, as a result of changes to the AG By-law and the Audit Committee Terms of Reference that were performed as part of the most recent Governance Review. As the IIA Standards are currently under review, we anticipate more significant changes to the Charter will be required during our 2024 review.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

LEGAL IMPLICATIONS

There are no legal impediments to the Audit Committee and Council considering this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide issue.

CONSULTATION

As this is considered an internal administrative matter, no public consultation was undertaken.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

SUPPORTING DOCUMENTATION

Document 1: OAG Audit Charter – clean version

Document 1: La Charte de vérification du BVG – version propre

Document 2: OAG Audit Charter – with tracked changes

Document 2: La Charte de vérification du BVG – avec suivi des modifications

DISPOSITION

The Office of the Auditor General will update the audit charter on an annual basis and communicate any future required changes to the Audit Committee.

Note: A minor correction was made to the report pursuant to the City Clerk's Delegated Authority to correct clerical, spelling, or minor errors of an administrative nature as set out in Schedule C, Subsection 8 of Delegation of Authority By-Law (being By-Law No. 2023-67) to Document 2 entitled OAG Audit Charter – with tracked changes" had tracked changes missing from the document, which have now been corrected.