

Internal Audit Update and Reserve Transfer – Year-End 2019

ISSUE

This report provides an update on internal audit and consulting services provided to the City of Saskatoon (City) for the year ending December 31, 2019, and also seeks City Council approval to transfer the Internal Audit Program's unexpended funds of \$109,215 to the Internal Audit Program Reserve.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the unspent amount of \$109,215 for the Internal Audit Program be transferred to the Internal Audit Program Reserve.

BACKGROUND

On February 27, 2017, City Council approved an amendment to Council Policy No. C03-003, Reserves for Future Expenditures, to establish an Internal Audit Program Reserve (Reserve). The Reserve is funded from the annual Operating Budget in an amount equal to any unexpended funds in the City's Internal Audit Program.

Internal audit and consulting services are funded through an annual base amount of \$427,000. The Reserve also has an unallocated balance of \$145,579 funded from previous years' unspent audit funds.

As the internal audit services contract ended on December 31, 2019, the Administration is undertaking the necessary actions to implement a co-sourced Internal Audit Function.

DISCUSSION/ANALYSIS

Internal Audit Plan

As of December 31, 2019, 97% of the total approved internal audit hours have been completed. The internal auditor has completed the final project under contract for internal audit services.

Additional Consulting/Auditing Funds

As of December 31, 2019, 100% of total approved consulting hours have been completed although only 90% of total approved dollars have been paid. MNP LLP and Hemson Consulting Ltd. have completed fieldwork activities associated with the review of the City's development levies and are finalizing their report for presentation to the Standing Policy Committee on Finance in spring 2020. A holdback on the project in the amount of \$16,000 is expected to be released in 2020.

Appendix 1 provides detailed information regarding each project conducted in 2019.

Internal Audit Update and Reserve Transfer – Year-End 2019

Audit Reserve

Overall, \$317,785 of the total annual budget of \$427,000 was spent in 2019 on internal audit and additional consulting projects. Unexpended funding of \$109,215 is being recommended for transfer to the Reserve, resulting in a year-end reserve balance of \$403,722 as shown in the following table:

	Internal Audit Plan		Additional Projects	Total
	Dollars	Hours	Dollars	Dollars
Approved 2019 Operating Budget	\$222,600	1,400.0	\$204,400	\$427,000
Carryover from 2018	54,855	345.0	(54,855)	-
Professional Services Provided	(166,950)	(1,050.0)	(7,600)	(174,550)
Disbursements Incurred	-	-	(10,307)	(10,307)
Additional Consulting Project	-	-	(132,928)	(132,928)
Transfer to Reserve	\$110,505	695.0	(\$1,290)	\$109,215
Opening Reserve Balance	-	-	-	294,507
Ending Reserve Balance	-	-	-	\$403,722

OTHER IMPLICATIONS

There are no financial, privacy, legal, social or environmental implications identified.

NEXT STEPS

No further action regarding this report is required.

APPENDICES

1. Internal Audit Budget Status Report – December 2019

REPORT APPROVAL

Written by: Nicole Garman, Corporate Risk Manager

Approved by: Kerry Tarasoff, Chief Financial Officer

Admin Report - Internal Audit Update and Reserve Transfer – Year-End 2019.docx