

**POLICY RECOMMENDATION**  
**THE HAMILTON CHAMBER OF COMMERCE**

**DATE:** Thursday, June 7, 2007

**TITLE/SUBJECT:** City of Hamilton Internal Audit Review

**COMMITTEE:** Government Affairs

**ACTION REQUIRED:** Send a letter to City of Hamilton staff and council per the recommendations outlined below.

**BACKGROUND OF ISSUE:** On November 17, 2004 the Strategic Planning and Budgets Committee recommended that Council re-affirm its decision to conduct an operational review of the internal audit process at the City of Hamilton, and that the City Manager be directed to issue a request for proposal for an independent external review/quality assessment of the Internal Audit Division in 2005. The tender process was completed, and Booker and Associates was awarded the contract to complete the above-mentioned review. The results of the review were presented to the subcommittee in September of 2005.

The purpose of the operational review of the City of Hamilton's Internal Audit function was to illustrate opportunities and make recommendations for improvement based on best practices in public internal audit operations and to capture the roles that the function could provide and the resources required to perform them.

A well functioning Internal Audit Function is an invaluable resource in the public sector given the extensive accountability. The Internal Audit Function provides the governance level with assistance in performing their oversight duties by providing relevant information focused on the areas of highest risk for the City. The Function can also assist in providing for a strong control environment by keeping a focus on the need for the right controls to be in place to provide for safeguarding of assets, compliance with laws and regulations, integrity of information, as well as the efficiency and effectiveness of operations.

The report submitted to the Strategic Planning and Budgets Committee made a series of recommendations to improve the Internal Audit Function at the City. Investing in these improvements would provide a return through better efficiency and lower cost in City operations, the deterrence of fraud, and better information to enable Council to set the proper tone for the City's operations and to provide effective oversight.

**RECOMMENDATION:**

The Hamilton Chamber of Commerce is generally supportive of the direction of said report and requests an update from the City of Hamilton on the implementation of the recommendations outlined in the report titled “*External Review of the Internal Audit Division*” (contract No. C1-01-05) prepared by Booker and Associates in September of 2005.