



ITEM ID: 2025-301-0

TRANSMITTAL DATE: October 17, 2025

MEETING DATE: October 24, 2025

TO: Board of Directors

FROM: Elisabeth Lazuardi, Director, Audit  
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SUBJECT: FY 2025 Internal Quality Assessment

**Issue**

The Internal Audit Department (Internal Audit) completed the FY 2025 Internal Quality Assessment for the period of July 1, 2024, through June 30, 2025.

**Recommendation**

Receive and file.

**Strategic Commitment**

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics, and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. The annual quality assurance and improvement program will help Internal Audit identify areas of improvement to ensure compliance with the auditing professional standards.

**Background**

Internal Audit is required to follow two sets of professional standards: the Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors' (IIA) Global Internal Audit Standards (Standards).

These standards serve as the fundamental framework for all the department's operations and audit activities, ensuring professionalism, independence, and the highest quality of work.

To maintain this quality, the auditing standards—specifically GAGAS, Chapter 5: Quality Control and Peer Review, and the Global Internal Audit Standards, Principle 12: Enhance Quality—require Internal Audit to develop and maintain a Quality Assurance and Improvement Program (QAIP). This program is comprised of both internal and external quality assessments. The internal assessments include continuous monitoring and periodic self-assessments to ensure the function's conformance with the professional standards. External assessments provide an independent review to ensure the department is meeting the professional standards.

Internal Audit conducts an annual internal quality assessment and presents the results to the Board of Directors.

### **Discussion**

For Fiscal Year (FY) 2025, the Internal Audit department completed its internal quality assessment, evaluating all work performed during the fiscal year that ended on June 30, 2025.

The department's last external independent peer review was conducted in March 2023 by the Association of Local Government Auditors (ALGA). This review covered the period from January 1, 2020, to December 31, 2022, and was reported to the Board in April 2023 with no findings.

A new external peer review is scheduled for February 2026, covering the period from January 1, 2023, to December 31, 2025.

### **Objectives**

The primary objective of our internal quality assessment was to confirm that Internal Audit's quality control system is working effectively. This provides reasonable assurance that we consistently follow our established policies, procedures, and relevant professional standards.

Specifically, the assessment aimed to determine if:

- Our internal policies and procedures for quality control are well-designed and followed in practice.
- Our auditors adhere to professional standards.

Our review included an evaluation of four audit engagements. The FY 2025 assessment focused on engagement reports issued between July 1, 2024, and June 30, 2025. We also examined our continuing education requirements, the Internal Audit Charter, our Internal Audit Policy, and the Audit Procedures Handbook. The review was conducted independently by members of the Internal Audit team.

### **Conclusion**

Based on our completed internal quality assessment, we found no significant findings or deficiencies. This outcome provides reasonable assurance that the department's system of quality control is suitably designed and operating effectively in conformance with the Global

Internal Audit Standards and Government Auditing Standards (GAGAS).

**Next Steps**

The results of the FY 2026 internal assessment will be reported to the Board upon its completion.

Additionally, the next external independent peer review is tentatively scheduled for February 2026. This review will cover the period from January 1, 2023, to December 31, 2025. The result will be reported to the Board upon completion.

Prepared by: Claudia Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Director, Audit