



ITEM ID: 2024-260-0

TRANSMITTAL DATE: October 4, 2024

MEETING DATE: October 11, 2024

TO: Audit and Finance Committee

FROM: Elisabeth Lazuardi, Director, Audit

SUBJECT: Fiscal Year 2024 Internal Quality Assurance Review

Issue

The Internal Audit Department (Internal Audit) completed the FY 2024 Internal Quality Assurance Review (QAR) for the period of July 1, 2023, through June 30, 2024.

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 standards.

Background

The Internal Audit Charter requires the Internal Audit Department to follow the Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards) ("the auditing standards") in its operations and when conducting audit activities.

The auditing standards (GAGAS Chapter 5: Quality Control and Peer Review and IIA Standards 1300 – Quality Assurance and Improvement Program) require that Internal Audit develop and maintain a Quality Assurance and Improvement Program (QAIP) that includes both internal and external assessments of the department.

Internal Audit conducts an internal Quality Assurance Review (QAR) annually and presents the results to the Board of Directors.

Discussion

Internal Audit completed the internal QAR for FY2024. The review evaluated the work conducted during the fiscal year ending June 30, 2024. The last external independent peer review, conducted by the Association of Local Government Auditors (ALGA) in March 2023, covered the period from January 1, 2020, to December 31, 2022, and was reported to the Board in April 2023 with no findings

Objectives

The overall objective of the internal QAR was to determine whether Internal Audit's internal quality control system was in place and operating effectively to provide reasonable assurance that established policies and procedures, and applicable auditing standards were followed. Specifically, the review aimed to determine whether:

- Internal Audit policies and procedures related to the system of quality control are suitably designed and operating effectively in practice; and
- Auditors followed professional standards and applicable legal and regulatory requirements.

Our review included the evaluation of three performance audit engagements. The review also included an examination of continuing education requirements, Internal Audit Charter, Internal Audit Policy, and the Audit Procedures Handbook. The FY2024 internal QAR covered internal audit engagement reports issued during the period of July 1, 2023, through June 30, 2024. The review was performed by members of Internal Audit, who did not have responsibility for the engagements under review.

Conclusion

Based on the steps performed under the internal QAR, there were no systemic, repetitive, or other significant deficiencies identified. This result indicates that the Internal Audit's system of quality control is sufficient to provide reasonable assurance of compliance with professional standards and applicable legal and regulatory requirements.

Next Steps

Internal Audit will report the result of the FY2025 internal assessment to the Board upon its completion. The next external independent peer review is tentatively scheduled for early 2026, which will cover the period from January 1, 2023, to December 31, 2025.

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Approved by: Elisabeth Lazuardi, Director, Audit