



ITEM ID: 2023-280-0

TRANSMITTAL DATE: September 15, 2023

MEETING DATE: September 22, 2023

TO: Board of Directors

FROM: Elisabeth Lazuardi, Senior Manager, Audit

SUBJECT: Fiscal Year 2023 Internal Quality Assurance Review

Issue

The Internal Audit Department (Internal Audit) completed the FY 2023 Internal Quality Assurance Review (QAR).

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 self-performs an internal Quality Assurance Review (QAR) on an annual basis and presents the result to the Board of Directors.

Discussion

Internal Audit completed the internal QAR for FY2023. The Internal Audit Department was also recently peer reviewed by an external independent team from the Association of Local Government Auditors (ALGA). The peer review was performed in March 2023 and the review results were reported to the Board in April 2023 with no reportable findings. The external peer review covered the period of January 1, 2020 through December 31, 2022.

The internal QAR evaluated the entire fiscal year ending on June 30, 2023. Given that the external peer review already addressed the first two quarters of FY2023, the internal QAR focused its review on the third and fourth quarters of FY2023.

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 determined whether:

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

During the period from January 1, 2023 through June 30, 2023 there was one internal audit engagement report issued. The internal QAR included the evaluation of the internal audit engagement. The internal QAR also included an examination of continuing education requirements, *Internal Audit Charter*, *Internal Audit Policy*, and the *Audit Procedures Handbook*. The internal QAR 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. This result indicates that Internal Audit's system of quality control is sufficient to provide reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements.

Next Steps

Internal Audit will report back to the Board on the result of the next internal assessment when

it is completed.

Prepared by: Claudia Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Senior Manager, Audit

Attachment(s)

[Presentation - FY2023 Internal Quality Assurance Review](#)