



ITEM ID: 2026-155-0

TRANSMITTAL DATE: March 20, 2026

MEETING DATE: March 27, 2026

TO: Board of Directors

FROM: Elisabeth Lazuardi, Director, Audit

SUBJECT: Internal Audit Department's 2023-2025 External Quality Control Review Report

Issue

The Association of Local Government Auditors (ALGA) conducted an external quality control review of the Internal Audit Department (Internal Audit or the Department), in accordance with the auditing standards that govern the Department's work.

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 reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Internal Audit's compliance with the auditing standards contributes to its effectiveness for the Authority.

Background

An external quality control review (peer review) is required at least once every three years, in accordance with the Internal Audit Policy IA-1.1, and the applicable auditing standards. The Department adheres to two primary sets of auditing standards:

- Government Auditing Standards (updated in 2024)
- International Standards for the Professional Practice of Internal Auditing (updated in 2024 and retitled "Global Internal Audit Standards")

The auditing standards require the Department to obtain a peer review conducted by a qualified, independent assessment team from outside the organization to provide reasonable assurance that the Internal Audit Department complies with and conforms to, the applicable auditing standards. To meet this requirement, the Department engaged ALGA to perform the peer review. ALGA's peer review program is independent, well-developed, and rotational in nature. Through the Department's participation as volunteer reviewers for other agencies, it was able to obtain this reciprocal peer review at minimal cost, limited to reimbursing the peer review team for travel expenses incurred. The estimated cost of the peer review is \$7,000.

The peer review was conducted on-site from February 9, 2026, through February 12, 2026.

Discussion

The peer review covered the period from January 1, 2023, through December 31, 2025. Preparation began months in advance, during which the Department worked closely with ALGA's peer review coordinator, who recruited independent volunteers from across the country and ensured they had no affiliation with the Authority or Internal Audit staff.

The review team consisted of internal auditors from the Austin Transit Partnership, TX, and Valley Metro, Phoenix, AZ, bringing approximately 61 years of combined auditing experience and holding the certifications of CIA, CPA, CFE, CIGA, and CIG.

Before the on-site visit, staff provided the team with the Department's policies and procedures, audit manual, organizational chart, staff information, background materials on the Authority, an inventory of audits completed during the three years, and a description of Internal Audit's control system.

During the on-site review, the team conducted interviews with internal audit staff, the Second Vice Chairman of the Board of Directors, and the Chief Executive Officer. They examined audit workpapers, audit reports, audit charter and policies and procedures, audit handbook, board meeting reports of department audit activities and audit plan status updates, and other supporting documentation. They also evaluated the Department's independence and staff training records.

The peer review team concluded that Internal Audit's quality control system was adequately designed and operating effectively to provide reasonable assurance of conformance and compliance with the applicable auditing standards for the period reviewed.

The External Quality Control Review Report is attached. The report contains **no findings**.

Next Steps

The Internal Audit Department will continue to maintain compliance with all applicable auditing standards and its established quality control system.

Prepared by: Andrew Hong, Senior Auditor

Approved by: Elisabeth Lazuardi, Director, Audit

Attachment(s)

[Attachment A - 2025 ALGA Peer Review Report](#)
[Presentation - Internal Audit External Quality Control Review](#)