

# COUNCIL REPORT – OFFICE OF THE CITY AUDITOR

Edmonton

## OFFICE OF THE CITY AUDITOR PLAN FOR AN EXTERNAL QUALITY ASSESSMENT

### RECOMMENDATION

That the Office of the City Auditor external quality assessment plan, as outlined in the June 24, 2025, Office of the City Auditor report OCA03104, be approved.

### Report Purpose

**Audit Committee decision required.**

### Executive Summary

Per the Institute of Internal Auditors' Global Internal Audit Standards (the Standards), the Office of the City Auditor (OCA) must undergo an external quality assessment at least once every 5 years. Our last assessment was in 2020.

Bylaw 16097 - Audit Committee, requires Audit Committee to review and approve the City Auditor's plan for the completion of an external quality assessment. This report provides the OCA's plan to have a qualified, independent assessor conduct an external quality assessment of the OCA's internal audit function in 2025.

### REPORT

#### Scope of External Quality Assessment

The scope of the external quality assessment will include a comprehensive review of the OCA's internal audit functions conformance to the Standards. This includes reviews of the adequacy of the OCA's:

- Mandate, charter, strategy, methodologies, processes, risk assessment, and internal audit plan.
- Compliance with applicable laws and regulations.
- Performance criteria and measures as well as assessment results.

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- Competencies and due professional care, including the sufficient use of tools and techniques, and focus on continual development.
- Qualifications and competencies, including those of the City Auditor role.
- Integration of the organization's governance processes, including relationships among those involved in positioning the internal audit function to operate independently.
- Contribution to the City's governance, risk management, and control processes.
- Contribution to the improvement of the City's operations and ability to attain its objectives.
- Ability to meet expectations articulated by Audit Committee, senior management, and stakeholders.

### **Plan For An External Quality Assessment**

The OCA will:

1. Research potential qualified, independent assessors who conduct external quality assessments.
2. Issue a Request for Quotation for an external quality assessment to 3 to 5 potential assessors.
3. Evaluate the proposals and choose a qualified, independent assessor. The criteria we will use to assess the proposals will be:
  - a. Price
  - b. Ability to meet timelines
  - c. No conflicts of interest, in fact or appearance
  - d. Hold an active Certified Internal Auditor designation
  - e. Competencies - considerations include:
    - i. Experience with and knowledge of the Standards and leading internal audit practices.
    - ii. Experience as a chief audit executive or comparable senior level of internal audit management.
    - iii. Experience in the public sector.
    - iv. Previous experience performing external quality assessments.
    - v. Completion of the external quality assessment training recognized by The Institute of Internal Auditors.
4. Work with the assessor to complete the assessment.
5. Develop action plans to address the significant deficiencies and opportunities for improvement, if applicable, and present those to Audit Committee along with a timeline for the completion of the action plans.
6. Provide Audit Committee with status updates on the completion of the action plans.

The assessor will:

1. Complete the quality assessment between September and November of 2025.
2. Present the results of their assessment directly to Audit Committee in the first quarter of 2026.

As per the Standards, this assessment will be done every five years at minimum.

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## **POLICY**

Bylaw 16097 - Audit Committee Bylaw, states:

- 11 (1) At least once every five years, the Committee will review and approve the City Auditor's plan for the completion of an external quality assessment, including:
- (a) the scope and frequency of assessments; and
  - (b) the competencies and independence of the external assessor.

Bylaw 21111 - City Auditor Bylaw, Schedule A - Internal Audit Charter, states:

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the City of Edmonton; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.