

COUNCIL REPORT – OFFICE OF THE CITY AUDITOR

Edmonton

OFFICE OF THE CITY AUDITOR EXTERNAL QUALITY ASSESSMENT REPORT

RECOMMENDATION

That the February 25, 2026, Office of the City Auditor report OCA03425, be approved.

Report Purpose

Committee decision required.

Executive Summary

This report presents the results of the Office of the City Auditor External Quality Assessment (EQA).

REPORT

The EQA of the Office of the City Auditor (OCA) found that the OCA **Generally Achieves** the Global Internal Audit Standards (Standards). This conclusion indicates a clear intent and commitment to achieving the Purpose of Internal Auditing, its 15 Principles, and conforming to the 52 Standards.

The only rating higher than “Generally Achieves” is “Fully Achieves”. In order to fully achieve the Standards, an internal audit function must fully conform to all aspects of all 52 standards. The OCA fully conforms with 41 standards and generally conforms with the remaining 11.

The assessment was completed by The Institute of Internal Auditors Quality Services.

The key findings are grouped into Successful Practices and Enhancement Opportunity:

Successful Practices

The assessment team found many successful practices including:

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- Governance and Independence: Well-established mandate in the City Auditor Bylaw, annual confirmation of organizational independence, and established opportunities to discuss sensitive matters privately with the Audit Committee.
- Quality and Staff: Professional, highly credentialed staff with support for development. Strong commitment to confidentiality, maintaining objectivity, and a championing of quality enhancement by the City Auditor.
- Planning and Reporting: Effective long-term strategy, clear and high-quality engagement reports, and a risk-based, stakeholder-informed annual audit plan.

Enhancement Opportunity

The assessment team identified one area for enhancement related to Standards 11.1 Building Relationships and Communicating with Stakeholders, 9.4 Internal Audit Plan, and 4.2 Due Professional Care and made the following recommendation:

1. To help strengthen the relationship with the Executive Team, improve the transparency and understanding of the annual planning process with the Executive Leadership Team. Consider the creation of a risk assessment matrix that includes various risk factors, criteria, and appropriate weightings. These results will provide the Executive Leadership Team with additional clarity on how audits were selected.

OCA Responses to Enhancement Opportunity

The OCA accepts the recommendation made by the Assessors and commits to the following actions and timeline for implementation of the recommendation.

The OCA will revise its annual planning process to improve transparency. Key enhancements will include:

- Developing a risk matrix.
- Seeking input on the annual planning process from the City Manager and Deputy City Managers.
- Clearly communicating the audit selection rationale for the 2027 Annual Work Plan to the Executive Leadership Team.

Implementation Date: December 31, 2026.

POLICY

Bylaw 16097 - Audit Committee Bylaw, states:

- 12 The Committee will review the results of the external quality assessment or self-assessment and may make recommendations to Council on any related matter.
- 13 The City Auditor must provide the Committee with an action plan, including timelines, to address any deficiencies and opportunities for improvement identified in the assessment.

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

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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.

Attachment

1. IIA Quality Services - External Quality Assessment Report