



*IIA Quality Services*

# City of Brampton Internal Audit Summary of GAP Assessment Results

## Re Global Internal Audit Standards

August 26, 2024

# Summary of GAP Assessment Results – Internal Audit

## BACKGROUND

- The Institute of Internal Auditors Quality Services performed a Gap Assessment against the 2024 Global Internal Audit Standards which become effective in 2025.
- Assessment was conducted as part of Internal Audit's periodic internal assessment process, aimed at proactively aligning with the new 2024 Standards, which will take effect on January 9, 2025.
- Assessment considered four domains of the *Standards*:

**Domain II**  
Ethics &  
Professionalism

**Domain III**  
Governing the  
Internal Audit  
Function

**Domain IV**  
Managing the  
Internal Audit  
Function

**Domain V**  
Performing  
Internal Audit  
Services

- The independent assessor, selected by the institute's Quality Services, reviewed the policies and procedures implemented by Internal Audit as of July 30, 2024. These policies and procedures were established based on the 2017 Standards and have not yet incorporated the additional requirements and 'Essential Conditions' introduced in the updated 2024 Standards.

# Summary of GAP Assessment Results – Internal Audit

## Objectives

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- Assess level of risk to not achieving conformance with the *Standards*
- Review implementation plans for the *Standards* including the existence of a quality assurance process
- Offer insight into opportunities to enhance overall quality of the internal audit function



# Summary of GAP Assessment Results – Internal Audit

## Scope

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- Included the operation of Internal Audit as set forth in the Internal Audit Charter, which defines its purpose, authority, responsibilities, and accountabilities.
- Used the *Standards* which become effective January 9, 2025, as the criteria for the assessment.



# Summary of GAP Assessment Results – Internal Audit

## Methodology

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- Reviewed information prepared by Internal Audit at the independent assessor's request
- Reviewed at a high level a sample of completed audit engagements and the associated audit reports
- Reviewed Internal Audit's Manual and specific Internal Audit policies and procedures
- Conducted interviews with members of Internal Audit and key stakeholders
- Used evaluation tools derived from the IIA Quality Assessment Manual aligned with the *Standards*.



# Summary of GAP Assessment Results – Internal Audit

## DEFINITIONS USED TO EVALUATE RISKS TO CONFORMANCE WITH THE GLOBAL INTERNAL AUDIT STANDARDS

### Low Risk of Non-Conformance

- For individual *Standards*, the internal audit (IA) activity conforms to the requirements of the *Standard* in all material respects.
- For each Principle, the IA activity achieves general conformity to a majority of the associated *Standards*, and at least partial conformity to others.

### Medium Risk of Non-Conformance

- For individual *Standards*, the IA activity is making good faith efforts to conform to the requirements of the *Standard* but falls short of achieving some major objectives.
- For each Principle, the IA activity partially achieves conformance with a majority of the associated *Standards*.

### High Risk of Non-Conformance

- For individual *Standards*, the IA activity is not aware of, is not making good faith efforts to conform to, or is failing to achieve many/all of the objectives of the *Standards*.
- For each Principle, the IA activity does not achieve conformance with a majority of the associated *Standards*.

# Summary of GAP Assessment Results – Internal Audit

- IA is set firmly on the path to improving its effectiveness and is actively striving for a high level of quality and professionalism, as evidenced by this gap assessment.
- Results of this assessment, identifying the risks to conformance to the new *Standards*, should provide additional information and insight, that when acted upon will contribute to this goal, and ensure the IA's conformance to the new *Standards*.

Ethics & Professionalism	
Principle	Risk
Demonstrate Integrity	Low
Maintain Objectivity	Low
Demonstrate Competency	Low
Exercise Due Professional Care	Low
Maintain Confidentiality	Low

Governing the Internal Audit Function	
Principle	Risk
Authorized by Board	Low
Positioned Independently	Low
Overseen by Board	Medium

Managing the Internal Audit Function	
Principle	Risk
Plan Strategically	Low
Manage Resources	Low
Communicate Effectively	Low
Enhance Quality	Low

Performing Audit Services	
Principle	Risk
Plan Engagements Effectively	Low
Conduct Engagement Work	Low
Communicate Engagement Results and Monitor Action Plans	Medium



# Summary of GAP Assessment Results – Internal Audit

## Key successful practices of Internal Audit

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- Internal auditors demonstrate integrity in their work and behaviours and maintain an impartial and unbiased attitude when performing IA services and making decisions. IA staff apply the knowledge, skills, and abilities to fulfill their roles and responsibilities and apply due professional care in planning and performing IA services.
- The Audit Committee establishes, approves, and supports the mandate of the IA Function and its independence.
- The CAE is highly regarded for her strategic focus, leadership, and management skills.
- Internal auditors are well qualified with appropriate certifications and are focused on continuous professional development.
- Internal Audit reports are of high-quality, written at the right level, and with sufficient detail for the readers. IA recommendations are useful and provide value add to the City's governance, risk management, and control processes.



# Summary of GAP Assessment Results – Internal Audit

## Areas of risk to conformance to the new *Standards*

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- Establishing a new IA Mandate and Charter consistent with the new *Standards*.
- Revising the annual attestation of the IIA Code of Ethics to align with Domain II – Ethics and Professionalism of the new *Standards*.
- Updating, documenting, executing and reporting on a Quality Assurance and Improvement Program, including both internal and external assessments.
- Confirming the implementation of recommendations or management actions by having IA perform follow-up assessments using a risk-based approach.
- Updating the IA Manual generally to align with new *Standards* and specifically to incorporate required areas of infrastructure and methodology such as: communicating errors or omissions, if ever any, in internal audit reports; communicating the acceptance of risk to senior management and the Audit Committee, if necessary.

# Summary of GAP Assessment Results – Internal Audit

## Areas of risk to conformance to the new *Standards*

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To note - The ratings provided in the risk-to-conformance assessments have considered the Audit Committee's past approvals of identified Internal Audit resource needs as well as the current resource proposals to support:

- Internal Audit's Quality Assurance and Improvement Plan (both internal and external assessments and their follow up actions)
- Internal Audit verification of follow up on Management Action Plans
- Strengthening Internal Audit's fraud risk assessments.



# Summary of GAP Assessment Results – Internal Audit

## Internal Audit Response and Action Plans

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- Internal Audit has reviewed the results of the GAP assessment and developed an action plan with timelines to address areas of risk to conformance.





**IIA Quality Services**

# Thank you

*... for the privilege of carrying out this GAP assessment and for your time, assistance, and sharing of ideas.*

**Keltie**

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