



2024 IIA Gap Assessment Review

October 7, 2024



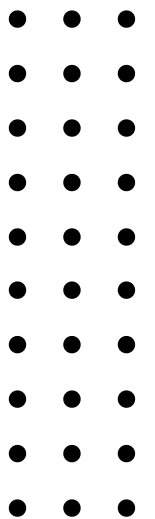
Background

The **Global Internal Audit Standards** are established by the **Institute of Internal Auditors (IIA)** and **set the global benchmark for best practices in internal auditing**, ensuring audit functions deliver value and maintain credibility. In 2024, the IIA released updated standards that take effect on January 1, 2025.

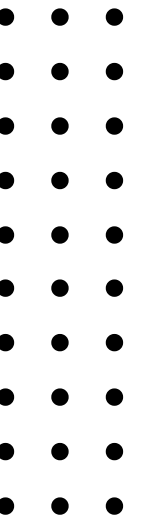
The IIA standards provide **15 guiding principles and 52 specific standards** that support effective internal auditing and offer a framework for a broad spectrum of value-added internal audit services.

In accordance with the IIA Standards and the City’s Audit Charter, Internal Audit is required to undergo an external quality assessment (EQA) at least once every five years. **With the last EQA conducted in August 2020, Internal Audit is scheduled for its next assessment in 2025**, which will be based on these new standards.

Further information on the compliance project and Internal Audit’s efforts to secure specialized services can be found in the Audit Committee report titled **“IIA Standards Work and External Quality Assessment.”**
(June 10 Audit Committee)



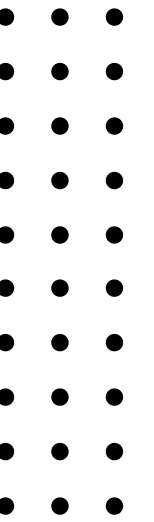
Gap Assessment Initiative and Result



To prepare for the upcoming assessment and ensure alignment with the new standards, Internal Audit has initiated a gap assessment through the IIA to evaluate the City's audit activities against the 2024 IIA Standards. **Our last EQA in August 2020 identified multiple areas of non-compliance**, and the new standards are even more rigorous. This gap assessment **helps us to proactively prepare for the 2025 EQA** and reflects Internal Audit's **commitment to continuous improvement** and to **achieve full conformance with the updated standards.**

The Quality Assessor found that ***"The City of Brampton's IAF (Internal Audit Function) is set firmly on the path to improving the effectiveness of its operation and is actively striving for a high level of quality and professionalism within its organization, as evidenced by this gap assessment,"*** but also highlighted a **need for more resources to add capacity to Internal Audit to undertake several unmet mandates so that it can achieve full conformance with the new standards.**

Response to the Gap Assessment



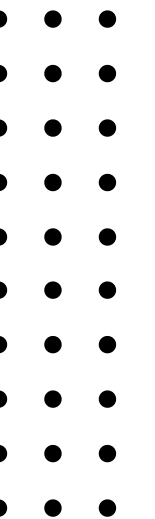
In response, Internal Audit has included a request for an additional Lead Internal Auditor in its 2025 operating budget. This position is aimed at providing capacity to the Internal Audit team to manage three critical, unmet mandates:

1. **Validate the implementation status of management action plans**
2. **Develop and maintain an internal audit quality assurance and improvement program (QAIP)**, conducting on-going monitoring and self-assessment against the IIA Standards
3. **Enhance the assessment of fraud risk** facing the City and integrate fraud risk assessments in each audit engagement.

This staff request is a continuation of previous efforts, as Internal Audit included similar positions in both the 2023 and 2024 budget proposals.

Further details about the rationale and history behind this staffing request are detailed in the staff report summarizing **Internal Audit's 2025 Budget Request**, also presented at this committee meeting.

Audit Committee Approval of Action Plans

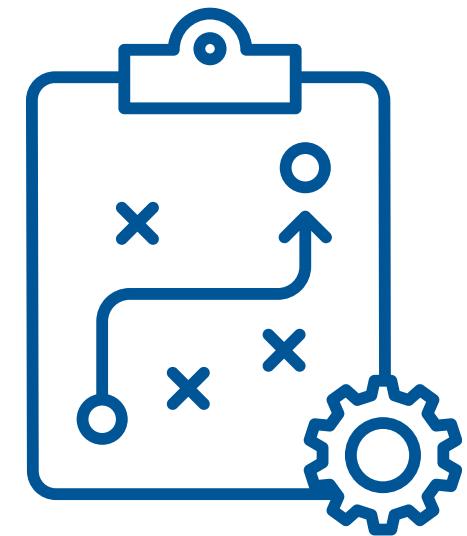


The Audit Committee is required to review and approve the action plan detailed in Appendix 3, titled “**IIA’s Gap Assessment Final Report including Management Action Plan**,” to ensure compliance with the new standards as mandated:

Standard 8.4 External Quality Assessment:

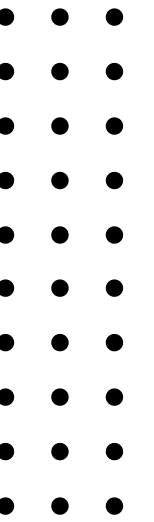
The board should:

“review and approve the chief audit executive’s action plans to address identified deficiencies and opportunities for improvement.”



Conclusion

The IIA has concluded its Gap Assessment of the City's internal audit function against the new 2024 Global Internal Audit Standards. The results of the gap 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 Internal Audit's conformance to the new Standards.

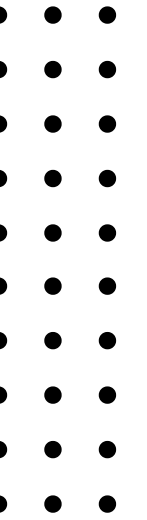


- The internal audit team has **examined the assessment outcomes and formulated an action plan**, complete with timelines to mitigate the identified risks.
- This plan is now **ready for the Audit Committee's review and approval** to ensure compliance with the new 2024 Standards.

We would now like to welcome Keltie Donohue, Quality Assessor to present her results of the Gap Assessment.



IIA's Quality Assessor



Keltie Donohue, IIA Quality Assessor

- **Independent internal audit consultant** providing advice and guidance on governance, risk management and controls.
- **30+ years of experience in internal audit**, strategic planning, risk management, business planning and performance management.
- Focused primarily on **conducting internal audit quality assessments across federal, provincial and municipal levels of government** as well as financial and investment institutions, professional services firms, and other central banks.
- CPA, CMA, CIA, bachelor's degree in mathematics from the University of Waterloo.