



# Internal Audit Communication Framework

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## Internal Audit



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## Distribution List

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**Standard Recipients**

Members of Audit Committee

Chief Administrative Officer (CAO)

Senior Leadership Team (SLT)

Members of Council

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# Communication Framework Aligned with IIA<sup>1</sup> New Global Standards

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## Overview of the New IIA Standards

In January 2024, the Institute of Internal Auditors released the new Global Internal Audit Standards which take effect in January 2025. The 2024 IIA Standards consists of five domains. **Domain III: Governing the Internal Audit Function** groups together the Standards that focus on the relationship between the board/Audit Committee, senior management and the chief audit executive (CAE), in governing the internal audit function. Domain III requires the CAE to meet with the board and senior management to discuss the responsibilities and essential conditions of the Standards and how the parties can collaborate to establish and maintain an effective internal audit function.

### New Requirement:

**CAE to establish a formal plan to guide Internal Audit’s communications with the Audit Committee and senior management.**

The updated 2024 Standards require the CAE to establish a formal plan for communicating/interacting with the Audit Committee and the senior management. This requirement is stated in **Standard 6.3 Board and Senior Management Support, Standard 8.1 Board Interactions, and Standard 11.1 Building Relationships and Communicating with Stakeholders.**

*“The chief audit executive must provide the board and senior management with the information needed to support and promote recognition of the internal audit function throughout the organization.”*

### Standard 6.3 Board and Senior Management Support

*“The chief audit executive must provide the board and senior management with the information needed to support and promote recognition of the internal audit function throughout the organization.*

*The chief audit executive must coordinate the internal audit function’s board communications with senior management to support the board’s ability to fulfill its requirements.*

*The board and the chief audit executive should meet at least annually without management present. Holding such meetings quarterly is considered a leading governance practice. Such meetings often occur as a private or closed session following a normally scheduled board meeting.*

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<sup>1</sup> The Institute of Internal Auditors (IIA) is the internal audit profession's leader in standards, certification, education, research, and technical guidance throughout the world.

***“The types of information and the level of detail to be communicated by the chief audit executive to the board should be agreed upon by both parties.”***

*The chief audit executive should also have other interactions with the board between official meetings to keep the board apprised of the internal audit function’s progress. The types of information and the level of detail to be communicated by the chief audit executive to the board should be agreed upon by both parties.*

#### ***Example of conformance***

*An agreed-upon matrix or similar documentation showing what information should be communicated by the chief audit executive to the board and senior management and the expected frequency.”*

***“Periodically, the chief audit executive should confirm with the board that the frequency, nature, and content of communications meet the board’s expectations...”***

#### **Standard 8.1 Board Interaction**

*“The chief audit executive must provide the board with the information needed to conduct its oversight responsibilities. This information may be specifically requested by the board or may be, in the judgment of the chief audit executive, valuable for the board to exercise its oversight responsibilities.*

*The chief audit executive may document the board’s expectations formally in the internal audit methodologies. Periodically, the chief audit executive should confirm with the board that the frequency, nature, and content of communications meet the board’s expectations and help the board achieve its oversight responsibilities.*

***“The frequency of communication between the board and the chief audit executive should consider the need for timely communication about significant issues.”***

*The frequency of communication between the board and the chief audit executive should consider the need for timely communication about significant issues. The chief audit executive should seek information from the board about its perspectives and expectations related to understanding and oversight of not just financial risk management but also a broad range of nonfinancial governance and risk management concerns including, for example, strategic initiatives, cybersecurity, health and safety, sustainability, business resilience, and reputation.*

*Typically, formal board meetings allow formal communication at least quarterly. Additionally, the chief audit executive and board members often communicate between meetings as needed, sometimes informally.*

The board should “set expectations with the chief audit executive for the frequency with which the board wants to receive communications from the chief audit executive.”

### ***Essential Conditions***

#### *Board*

- *Communicate with the chief audit executive to understand how the internal audit function is fulfilling its mandate.*
- *Communicate the board’s perspective on the organization’s strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.*
- *Set expectations with the chief audit executive for:*
  - *The frequency with which the board wants to receive communications from the chief audit executive.”*

### **Standard 11.1 Building Relationships and Communicating with Stakeholders**

*“The chief audit executive must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators, and internal and external assurance providers and other consultants.*

***“...The chief audit executive should discuss a methodology for communication with the board and senior management to determine the criteria defining significant issues requiring formal communication, the format and content of formal communication, and the frequency with which such communication should occur.”***

*The chief audit executive must promote formal and informal communication between the internal audit function and stakeholders, contributing to the mutual understanding of:*

- *Organizational interests and concerns.*
- *Approaches for identifying and managing risks and providing assurance.*
- *Roles and responsibilities of relevant parties and opportunities for collaboration.*
- *Relevant regulatory requirements.*
- *Significant organizational processes, including financial reporting.*

*In addition, the chief audit executive should discuss a methodology for communication with the board and senior management to determine the criteria defining significant issues requiring formal communication, the format and content of formal communication, and the frequency with which such communication should occur.”*

The specific requirements of the board and senior management to uphold these standards are detailed in the **Essential Conditions** within Domain III.

## Terms and Roles in the Framework Explained

- **Board:** This term specifically refers to the City of Brampton Audit Committee.
- **Chief Audit Executive (CAE):** In the City of Brampton, this role is held by the Director of Internal Audit.
- **Senior management:** The highest-level executive team responsible for implementing the organization's strategic decisions and accountable to the board. This typically includes roles like the Chief Executive Officer or organizational heads. At the City of Brampton, senior management consists of the Chief Administrative Officer (CAO) and commissioners. In this Framework, we use Senior Leadership Team or SLT for short to refer to senior management.

## Communication Framework

Internal Audit has developed the Communication Framework to outline the content, format, and frequency of communications, ensuring alignment with the updated 2024 IIA Standards. In areas where the standards do not prescribe specific formats or frequencies, Internal Audit has proposed practical, tailored solutions that consider the needs and realities of existing operations.

### Stakeholder Engagement:

The Communication Framework outlines all required communications and interactions from Internal Audit to the Audit Committee and senior management in accordance with IIA Standards. It ensures that the information shared with the board and senior management enhances the recognition of Internal Audit across the City, supports effective board oversight, and addresses key governance, risk management, and control issues.

The Internal Audit Communication Framework was reviewed by the Chair and Vice Chair of the Audit Committee, as well as the CAO representing senior management, prior to its approval and adoption by the Audit Committee. This process aligns with the requirements of the IIA Standards.

**The Communication Framework should be read in conjunction with a series of supplementary guides for communicating specific topics.**

The Internal Audit Communication Framework should be read in conjunction with the following series of supplementary guides for communicating specific topics:

- **Appendix I: Managing Ethical Issues: A Communication Guide** - This guide outlines the methodology developed by Internal Audit to address and communicate ethical issues. It facilitates discussions of the adopted methodology with the board and senior management to ensure alignment, as required by **Standard 1.2: Organization's Ethical Expectations**.
- **Appendix II: Impairment to Objectivity: A Communication Guide** - This guide details Internal Audit's approach to safeguarding auditor objectivity and outlines the general process for disclosing and mitigating impairments to objectivity. These situations are typically addressed by the Director of Internal Audit in consultation with the board and senior management, in accordance with **Standard 2.2: Safeguarding Objectivity** and **2.3: Disclosing Impairments to Objectivity**.
- **Appendix III: Internal Audit Plan Update: A Communication Guide** - This guide outlines the criteria developed by Internal Audit to identify significant changes that require revisions to the audit work plan. These revisions are subject to agreement between the CAE, the board and senior management, in accordance with **Standard 9.4: Internal Audit Plan**.
- **Appendix IV: Errors and Omissions: A Communication Guide** - This guide defines the criteria for identifying significant errors and omissions that require prompt correction and outlines the process for communicating and addressing them. It supports discussions with the board to ensure alignment and compliance with **Standard 11.4: Errors and Omissions**.
- **Appendix V: Risk Acceptance: A Communication Guide** - This guide outlines the methodologies for documenting and communicating management's acceptance of risks that exceed established risk acceptance or tolerance levels. As noted in **Standard 11.5: Communicating the Acceptance of Risks**, the Chief Audit Executive (CAE) may discuss and seek the board's agreement on these methodologies.

The Internal Audit Communication Framework, together with the specific supplementary guides, will form part of the Internal Audit Manual.



## **Part 1: Communication with the Audit Committee**

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## 1.1 Formats for Communication with the Audit Committee

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**The CAE communicates with the Audit Committee through various formal and informal formats, including quarterly Audit Committee meetings, education sessions and workshops, operational update meetings, as well as emails and verbal communication.**

The CAE communicates with the Audit Committee through various formats:

1. **Quarterly Audit Committee Meetings:**

These formal meetings, managed by the City Clerk, include a structured agenda and recorded minutes. During committee meetings, Internal Audit presents their audit reports, the annual audit work plan, the Internal Audit budget, updates on the City's Ethics Hotline, Management Action Plans, and progress on the annual audit work plan. Communication typically involves formal written reports and presentations listed on the agenda.

2. **Audit Committee Education Sessions/Workshops:**

These sessions, also managed by the City Clerk, provide opportunities for in-depth learning on relevant topics. There are no discussions allowed in these learning workshops if the meeting is held in closed camera.

3. **Operations Update Meetings:**

Scheduled monthly by the Director of Internal Audit in consultation with the Chair and Vice Chair of the Audit Committee, these meetings are often guided by a slide deck and include recorded discussions. Topics may cover significant audit initiatives, the planned agenda for upcoming Audit Committee meetings, HR updates, budget matters, and other Internal Audit operations.

4. **City of Brampton Outlook Emails:**

Ad hoc matters are addressed through email communication between monthly Operations Update Meetings, allowing for timely updates and responses to emerging issues.

5. **Verbal Communication:**

Informal updates or discussions may occur through phone calls or Microsoft Teams messages as needed.

The Communication Framework is not prescriptive but serves as a guide to provide clear direction while allowing flexibility to address specific situations effectively.

## 1.2 Framework of Communication with the Audit Committee

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
1	<b>Standard 1.2 Organization's Ethical Expectations</b>	<p><i>Internal auditors must encourage and promote an ethics-based culture in the organization. If internal auditors identify behavior within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.</i></p> <p><i>The chief audit executive also should determine a methodology for addressing ethical issues and discuss the methodology with the board and senior management to ensure alignment of the approaches.</i></p> <p><i>If internal auditors determine that a member of senior management has behaved in a manner that is inconsistent with the organization's ethical expectations — whether documented in a code of conduct, code of ethics, or otherwise — the chief audit executive should report the violation to the board. If an ethics-related concern involves the chairman of the board, the chief audit executive should report the concern to the entire board. Internal auditors should follow up on ethics-related issues involving the board or senior management and validate that appropriate actions were taken to address the concern.</i></p> <p><b><i>Evidence of Conformance</i></b></p> <p><i>Documentation demonstrating that ethical issues were communicated to the board, senior management, and regulators in accordance with the organization's policies and relevant laws and/or regulations.</i></p>	<ul style="list-style-type: none"> <li>• Email / Verbal Communication</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> <li>• Annually<sup>2</sup></li> </ul>

<sup>2</sup> A methodology for communicating identified ethics issues has also been presented to the Audit Committee for approval. Refer to Appendix I Managing Ethical Issues: A Communication Guide for details.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
2	<b>Standard 2.3 Disclosing Impairments to Objectivity</b>	<p><i>If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, the board, and/or senior management and determine the appropriate actions to resolve the situation.</i></p> <p><i>If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concern with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situation.</i></p> <p><i>If the objectivity of the chief audit executive is impaired in fact or appearance, the chief audit executive must disclose the impairment to the board.</i></p>	<ul style="list-style-type: none"> <li>Email / Verbal Communication</li> </ul>	<ul style="list-style-type: none"> <li>As Needed<sup>3</sup></li> </ul>
3	<b>Standard 4.1 Conformance with the Global Internal Audit Standards</b>	<p><i>When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</i></p> <p><i>If applicable, final engagement communications and communications with the board and senior management where nonconformance has been disclosed.</i></p>	<ul style="list-style-type: none"> <li>Email / Verbal Communication</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> <li>At Least Annually<sup>4</sup></li> </ul>

<sup>3</sup> Objectivity impairment is disclosed on an as-needed basis. For concerns related to audit reporting errors or omissions, refer to Standard 11.4 for detailed communication guidance.

<sup>4</sup> Internal Audit's conformance with the Global Internal Audit Standards is communicated to the Audit Committee at least once a year through the Quality Periodic Self-Assessment Report.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
4	<b>Standard 6.1 Internal Audit Mandate</b>	<p><i>The chief audit executive must provide the board and senior management with the information necessary to establish the internal audit mandate. In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate.</i></p> <p><i>Periodically, the chief audit executive must assess whether changes in circumstances justify a discussion with the board and senior management about the internal audit mandate. If so, the chief audit executive must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives.</i></p> <p><i>Circumstances may justify a follow-up discussion with the board and senior management on the internal audit mandate or other aspects of the internal audit charter. These conditions may include, but are not limited to:</i></p> <ul style="list-style-type: none"> <li><i>• A notable change in the Global Internal Audit Standards.</i></li> <li><i>• A significant acquisition or reorganization within the organization.</i></li> <li><i>• Significant changes in the board and/or senior management.</i></li> <li><i>• Significant changes to the organization's strategies, objectives, risk profile, or the environment in which it operates.</i></li> <li><i>• New laws or regulations that may affect the nature and/or scope of internal audit services.</i></li> </ul>	<ul style="list-style-type: none"> <li><i>• Audit Committee Meeting</i></li> </ul>	<ul style="list-style-type: none"> <li><i>• Annually<sup>5</sup></i></li> </ul>

<sup>5</sup> The Internal Audit Mandate and Charter (Standard 6.2) were updated to align with the new standards and were presented to and approved by the Audit Committee on June 10, 2023. The Director of Internal Audit will review these documents annually, as agreed with the Audit Committee and defined in the Charter and report any changes to the Audit Committee as required.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
5	<b>Standard 6.2 Internal Audit Charter</b>	<i>The chief audit executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.</i>	• Audit Committee Meeting	• Annually
6	<b>Standard 7.1 Organizational Independence</b>	<i>The chief audit executive must confirm to the board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment.</i>  <i>The chief audit executive must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function's independence, either in fact or appearance.</i>  <i>The chief audit executive must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments.</i>	• Audit Committee Meeting	• At Least Annually <sup>6</sup>
7	<b>Standard 7.2 Chief Audit Executive Qualification</b>	<i>The chief audit executive must help the board understand the qualifications and competencies of a chief audit executive that are necessary to manage the internal audit function. The chief audit executive facilitates this understanding by providing information and examples of common and leading qualifications and competencies.</i>  <i>The board collaborates with senior management to determine which competencies and qualifications the organization expects in a chief audit executive. The desired competencies and qualifications are typically documented in a job description.</i>	• Audit Committee Meeting	• Per Council Term <sup>7</sup>

<sup>6</sup> The Director of Internal Audit will report to the Audit Committee annually on whether the function's independence have been maintained or impaired, including safeguards, remediation actions, and timelines to address impairments, if applicable. **Appendix II Impairment to Objectivity: A Communication Guide** provides guidance for aligning with this Standard, where impairments are typically determined by the CAE in agreement with the board and senior management.

<sup>7</sup> The qualifications of the Director of Internal Audit will be presented to the Audit Committee once per council term

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
8	<b>Standard 8.1 Board Interaction</b>	<p><i>The chief audit executive must report to the board and senior management:</i></p> <ul style="list-style-type: none"> <li><i>The internal audit plan and budget and subsequent significant revisions to them. (See also Standards 6.3 Board and Senior Management Support and 9.4 Internal Audit Plan.)</i></li> <li><i>Changes potentially affecting the mandate or charter. (See also Standards 6.1 Internal Audit Mandate and 6.2 Internal Audit Charter.)</i></li> <li><i>Potential impairments to independence. (See also Standard 7.1 Organizational Independence.)</i></li> <li><i>Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results. (See also Standards 11.3 Communicating Results, 14.5 Engagement Conclusions, and 15.2 Confirming the Implementation of Recommendations or Action Plans.)</i></li> <li><i>Results from the quality assurance and improvement program. (See also Standards 8.3 Quality, 8.4 External Quality Assessment, 12.1 Internal Quality Assessment, and 12.2 Performance Measurement.)</i></li> </ul> <p><i>There may be instances when the chief audit executive disagrees with senior management or other stakeholders on the scope, findings, or other aspects of an engagement that may affect the ability of the internal audit function to execute its responsibilities. In such cases, the chief audit executive must provide the board with the facts and circumstances to allow the board to consider whether, in its oversight role, it should intervene with senior management or other stakeholders.</i></p>	<p>Refer to the following standards listed in the Framework for specific guidance on required communication:<sup>8</sup></p> <p><i>Standard 6.3 Board and Senior Management Support</i>  <i>Standard 9.4 Internal Audit Plan</i>  <i>Standard 7.1 Organizational Independence</i>  <i>Standard 11.3 Communicating Results</i>  <i>Standard 14.5 Engagement Conclusions</i>  <i>Standard 15.2 Confirming the Implementation of Recommendations or Action Plans</i>  <i>Standard 8.3 Quality</i>  <i>Standard 8.4 External Quality Assessment</i>  <i>Standard 12.1 Internal Quality Assessment</i>  <i>Standard 12.2 Performance Measurement</i></p> <ul style="list-style-type: none"> <li>Email / Verbal Communication</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> <li>Quarterly and As Needed<sup>9</sup></li> </ul>

8 Internal Audit’s communication is designed to support the board in fulfilling its responsibilities effectively. To do so, the board should have a clear understanding of how Internal Audit is achieving its mandate and convey its expectations regarding the City’s strategies, objectives, and risks. This input helps Internal Audit set appropriate priorities. The Communication Framework should also define the board’s expectations for the frequency of updates from the Director of Internal Audit. Additionally, it should outline the criteria and processes for escalating significant issues to the board, ensuring timely and transparent communication on critical matters.

9 To address disagreements that may hinder Internal Audit's ability to fulfill its responsibilities, escalations to quarterly audit committee meetings is needed. This would typically mean the immediate next committee meeting, as needed.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
9	<b>Standard 8.2 Resources</b>	<p><i>The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.</i></p> <p><i>Although a discussion of resources between the board and the chief audit executive typically occurs at least annually in connection with presentation of the internal audit plan, having a quarterly discussion is a leading practice. The discussion should include considering the options to achieve the desired internal audit coverage, including outsourcing or using guest auditors, as well as implementing technology to improve the internal audit function's efficiency and effectiveness.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> <li>• Quarterly</li> <li>• Annually<sup>10</sup></li> </ul>
10	<b>Standard 8.4 External Quality Assessment</b>	<p><i>The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.</i></p>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Once Every Five Years<sup>11</sup></li> </ul>

<sup>10</sup> The Director of Internal Audit proactively evaluates resource needs and reports any deficiencies to the Chair and Vice Chair of the Audit Committee during regular operational update meetings. Resource challenges are also communicated to the Audit Committee through quarterly Ethics Hotline Activity Report or the Annual Budget Report.

<sup>11</sup> A Quality Assurance and Improvement Program (QAIP) Guide has been developed to detail the internal and external quality assessment processes and to outline expectations for communicating the scope, frequency, results, improvement actions, and remediation status. This guide will be presented to the Audit Committee for approval on February 11, 2025. The Director of Internal Audit discussed the External Quality Assessment requirement under the updated Global Internal Audit Standards with senior management and the Chair and Vice Chair of the Audit Committee on June 13, 2024. It was agreed that external quality assessments of Internal Audit will be conducted once every five years to ensure compliance with the standards.



Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
11	<b>Standard 8.3 Quality</b>	<p><i>At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:</i></p> <ul style="list-style-type: none"> <li><i>• The internal audit function’s conformance with the Standards and achievement of performance objectives.</i></li> <li><i>• If applicable, compliance with laws and/or regulations relevant to internal auditing.</i></li> <li><i>• If applicable, plans to address the internal audit function’s deficiencies and opportunities for improvement.</i></li> </ul> <p><i>The chief audit executive’s communications to the board and senior management regarding the internal audit function’s quality assurance and improvement program should include:</i></p> <ul style="list-style-type: none"> <li><i>• The scope, frequency, and results of internal and external quality assessments conducted under the direction of, or with the assistance of, the chief audit executive.</i></li> <li><i>• Action plans that address deficiencies and opportunities for improvement. Actions should be agreed upon with the board.</i></li> <li><i>• Progress toward completing the agreed-upon actions.</i></li> </ul>	<ul style="list-style-type: none"> <li><i>• Audit Committee Meeting</i></li> </ul>	<ul style="list-style-type: none"> <li><i>• At Least Annually<sup>12</sup></i></li> </ul>

<sup>12</sup> The Director of Internal Audit reports the results of periodic quality self-assessments results to the Audit Committee at least annually through a formal report. The next External Quality Assessment, required once every five years, is scheduled for August 2025 and will be conducted in accordance with the 2024 Standards. The assessment report, prepared by a qualified service provider engaged for the review, will be presented directly to the Audit Committee at the October 2025 committee meeting.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
12	<b>Standard 9.2 Internal Audit Strategy</b>	<p><i>The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.</i></p> <p><i>The chief audit executive must review the internal audit strategy with the board and senior management periodically.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly<sup>13</sup></li> <li>• Annually</li> </ul>
13	<b>Standard 9.5 Coordination and Reliance</b>	<p><i>The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. Coordination of services minimizes duplication of efforts, highlights gaps in coverage of key risks, and enhances the overall value added by providers.</i></p> <p><i>When the internal audit function relies on the work of other assurance service providers, the chief audit executive must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function.</i></p> <p><i>If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board.</i></p>	<ul style="list-style-type: none"> <li>• Email / Verbal Communication</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> </ul>

<sup>13</sup> Internal Audit has developed an IA strategy to meet the standards requirements, which was presented to the Audit Committee on December 3, 2024. A periodic review of the strategy and progress on established initiatives will be reported regularly to the audit chairs and annually to the Audit Committee.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
14	<b>Standard 9.4 Internal Audit Plan</b>	<p><i>The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.</i></p> <p><i>The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:</i></p> <ul style="list-style-type: none"> <li>• <i>The impact of any resource limitations on internal audit coverage.</i></li> <li>• <i>The rationale for not including an assurance engagement in a high-risk area or activity in the plan.</i></li> <li>• <i>Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.</i></li> <li>• <i>Limitations on scope or restrictions on access to information.</i></li> </ul> <p><i>The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly (As Needed)</li> <li>• Quarterly<sup>14</sup></li> <li>• Annually</li> </ul>

<sup>14</sup> Internal Audit conducts a comprehensive risk assessment every five years to create a strategic long-term audit plan, incorporating input from key stakeholders. A risk-ranking system prioritizes high-risk areas, with annual updates gathered through questionnaires sent to business units. These updates inform the Annual Audit Work Plan, which is reviewed and approved by the Audit Committee at its first meeting each year, typically in February. Progress on the annual plan is reported to the Audit Committee quarterly. Significant interim changes to the Internal Audit Plan are communicated to the Audit Committee during regular operational update meetings and scheduled committee meetings for approval.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
15	<b>Standard 10.1 Financial Resource Management</b>	<i>The chief audit executive must seek budget approval from the board. The chief audit executive must communicate promptly the impact of insufficient financial resources to the board and senior management.</i>  <i>If significant additional resources are needed due to unforeseen circumstances, the chief audit executive should discuss the circumstances with the board and senior management promptly.</i>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting<sup>15</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
16	<b>Standard 10.2 Human Resources Management</b>	<i>The chief audit executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.</i>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
17	<b>Standard 10.3 Technology Resources</b>	<i>The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.</i>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
18	<b>Standard 11.3 Communicating Results</b>	<i>The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. The chief audit executive must understand the expectations of the board and senior management regarding the nature and timing of communications.</i>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>

<sup>15</sup> The Director of Internal Audit prepares an annual budget outlining the financial, human, and technological resources needed for effective internal audit services (Standard 10.1, 10.2 and 10.3). The budget is presented to the Audit Committee for approval. Any updates or concerns of the financial, human resources and technology resources are communicated to the Audit Chairs timely during regular Operations Update meetings and to committee members at quarterly Audit Committee meetings.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
19	<b>Standard 11.4 Error and Omissions</b>	<p><i>If a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication.</i></p> <p><i>Significance is determined according to criteria agreed upon with the board.</i></p>	<ul style="list-style-type: none"> <li>Email / Verbal Communication</li> </ul>	<ul style="list-style-type: none"> <li>Timely and As Needed<sup>16</sup></li> </ul>
20	<b>Standard 11.5 Communicating the Acceptance of Risks</b>	<p><i>The chief audit executive must communicate unacceptable levels of risk.</i></p> <p><i>When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management. If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board.</i></p>	<ul style="list-style-type: none"> <li>Operations Update Meeting</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Regularly<sup>17</sup></li> <li>Quarterly and As Needed</li> </ul>
21	<b>Standard 12.1 Internal Quality Assessment</b>	<p><i>The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes:</i></p> <ul style="list-style-type: none"> <li><i>Communication with the board and senior management about the results of internal assessments.</i></li> </ul> <p><i>The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management.</i></p> <p><i>If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the chief audit executive must disclose to the board and senior management the nonconformance and its impact.</i></p>	<ul style="list-style-type: none"> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> </ul>

<sup>16</sup> Refer to **Appendix IV Errors and Omissions: A Communication Guide** for Internal Audit's methodology for defining significant errors and omissions in final audit reports and the communication approach to promptly notify all relevant stakeholders.

<sup>17</sup> Refer to **Appendix V Risk Acceptance: A Communication Guide** for instructions on timely communicating management's acceptance of unacceptable levels of risk and addressing these issues through appropriate communication.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
22	<b>Standard 12.2 Performance Measurement</b>	<p><i>The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives.</i></p> <p><i>When assessing the internal audit function's performance, the chief audit executive must solicit feedback from the board and senior management as appropriate.</i></p>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> </ul>
23	<b>Standard 13.3 Engagement Objectives and Scope</b>	<p><i>Scope limitations must be discussed with management when identified, with a goal of achieving resolution.</i></p> <p><i>If a resolution cannot be achieved with management, the chief audit executive must elevate the scope limitation issue to the board according to an established methodology.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> <li>• Quarterly</li> </ul>
24	<b>Standard 13.4 Evaluation Criteria</b>	<p><i>Internal auditors must assess the extent to which the board and senior management have established adequate criteria to determine whether the activity under review has accomplished its objectives and goals. If such criteria are adequate, internal auditors must use them for the evaluation. If the criteria are inadequate, internal auditors must identify appropriate criteria through discussion with the board and/or senior management.</i></p>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly<sup>18</sup></li> </ul>

<sup>18</sup> Internal Audit defines the objectives and criteria for each engagement to evaluate the activities under review during the audit planning process. These are communicated to auditees through the Audit Engagement Letter for their agreement before detailed audit testing begins.

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency
25	<b>Standard 13.5 Engagement Resources</b>	<p><i>If the available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the chief audit executive to obtain the resources.</i></p> <p><i>The chief audit executive is responsible for discussing with senior management and the board the implications of resource limitations and determining the course of action to take.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> </ul>
26	<b>Standard 14.5 Engagement Conclusions</b>	<p><i>Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives. The engagement conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings.</i></p>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
27	<b>Standard 15.2 Confirming the Implementation of Recommendations or Action Plans</b>	<p><i>Internal auditors may use a software program, spreadsheet, or system to track whether management's action plans are implemented according to the established timelines. The tracking system indicates whether action plans remain open or are past due and provides a useful tool for internal auditors to communicate with the board and senior management.</i></p>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>

## **Part 2: Communication with Senior Management**



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## 2.1 Formats for Communication with Senior Management

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The CAE communicates with senior management through various formal and informal formats, including quarterly Audit Committee meetings, SLT education sessions and workshops, operational update meetings, City-wide risk assessment and annual refresh, as well as emails.

The CAE communicates with senior management through following formats:

1. **Quarterly Audit Committee Meetings:**

The CAO and all commissioners comprising the SLT are standing invitees to the quarterly Audit Committee Meetings. They have full access to all information included in the meeting agenda and presented to committee members, including materials presented in closed sessions. Additionally, all agenda materials and reports, excluding those from closed session meetings, will remain available in the public domain indefinitely, ensuring transparency and ongoing availability of information

2. **SLT Education Sessions/Workshops:**

These sessions, as required, provide opportunities for in-depth learning on relevant topics, such as the updated Global Internal Audit Standards and SLT's role in supporting audit governance.

3. **Operations Update Meetings:**

The Director of Internal Audit meets bi-weekly with the CAO to discuss audit operation related matters, such as audit reporting, HR updates, risk management, and resources and budget matters.

In addition, the CAE will meet with the Commissioner to discuss audit-related matters on an as-needed basis.

4. **City-wide Risk Assessment and Annual Refresh:**

The Director of Internal Audit gather insights from senior management through a structured risk assessment process to refresh the audit universe and prioritize the audit.

5. **City of Brampton Outlook Emails:**

Ad hoc matters are addressed through email communication between bi-weekly Operations Update Meetings, allowing for timely updates and responses to emerging issues.

The Communication Framework is not prescriptive but serves as a framework to provide clear direction while allowing flexibility to effectively address any situation.

Senior management are standing invitees to the quarterly Audit Committee meetings and have full access to the agenda and reports, including those discussed in closed sessions. Combined with the regular operational updates provided to the Chief Administrative Officer, these practices ensure that Internal Audit communication meets the requirements of the IIA Global Audit Standards.

As a result, no additional reporting formats or content to senior management are necessary.

## 2.2 Framework of Communication with Senior Management

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
1	<b>Standard 1.2 Organization's Ethical Expectations</b>	<p><i>Internal auditors must encourage and promote an ethics-based culture in the organization. If internal auditors identify behavior within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.</i></p> <p><i>The chief audit executive also should determine a methodology for addressing ethical issues and discuss the methodology with the board and senior management to ensure alignment of the approaches.</i></p> <p><i>If internal auditors determine that a member of senior management has behaved in a manner that is inconsistent with the organization's ethical expectations — whether documented in a code of conduct, code of ethics, or otherwise — the chief audit executive should report the violation to the board. If an ethics-related concern involves the chairman of the board, the chief audit executive should report the concern to the entire board. Internal auditors should follow up on ethics-related issues involving the board or senior management and validate that appropriate actions were taken to address the concern.</i></p> <p><b>Evidence of Conformance</b></p> <p><i>Documentation demonstrating that ethical issues were communicated to the board, senior management, and regulators in accordance with the organization's policies and relevant laws and/or regulations.</i></p>	<ul style="list-style-type: none"> <li>Email Communication</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> <li>As Needed</li> </ul>	<p>Internal Audit manages the City's Ethics Hotline and reports fraud cases and other ethical concerns received through the hotline to the Audit Committee on a quarterly basis via the Staff Report re: Corporate Ethics Hotline Quarterly Report, as applicable.</p> <p>In addition, Internal Audit evaluates ethics-related risks (e.g., fraud) and associated controls during each audit engagement. Any identified ethical issues are included in the audit report, which is presented at the quarterly Audit Committee meetings.</p> <p>To align with the updated 2024 Global Internal Audit Standard, Internal Audit developed <b>Appendix I Managing Ethical Issues: A Communication Guide</b> to outline procedures for addressing and communicating identified ethical issues. This guide complements the broader Internal Audit Communication Framework and is incorporated into the Internal Audit Manual. It was presented to and adopted by the Audit Committee on February 11, 2025.</p> <p>The Chief Administrative Officer and the Senior Leadership Team are standing invitees to Audit Committee meetings and have access to the Audit Committee agenda and reports. Additionally, the Audit Committee agenda and reports stay in the public domain and are managed by the City Clerk, except for sensitive matters discussed in closed sessions.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Format	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
2	<b>Standard 2.3 Disclosing Impairments to Objectivity</b>	<p><i>If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, the board, and/or senior management and determine the appropriate actions to resolve the situation.</i></p> <p><i>If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concern with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situation.</i></p>	<ul style="list-style-type: none"> <li>• Email Communication</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> <li>• As Needed</li> </ul>	<p>The Internal Audit implemented the following measures to safeguard audit objectivity:</p> <p>a) Audit Planning: Before being assigned to an engagement, auditors are required to complete a written declaration affirming their independence and objectivity. This declaration addresses potential conflicts of interest, personal relationships, financial interests, or prior involvement in the audit subject matter that could impair objectivity. If necessary, auditors are reassigned to avoid any conflict.</p> <p>b) Audit Execution: During the execution phase, audit managers review work papers to ensure factual accuracy and maintain impartiality in the testing results.</p> <p>c) Audit Reporting: All audit findings undergo thorough review and vetting before being incorporated into the final audit report.</p> <p>Additionally, Internal Audit implemented a post-audit survey, which gathers feedback from auditees on their experience of the audit and the quality related to the audit activities. The survey incorporated topics on the auditors' objectivity during the audit process. Any concerns raised are reviewed and addressed as necessary.</p> <p>Internal Audit has developed <b>Appendix II Impairment to Objectivity: A Communication Guide</b> to provide guidance for defining objectivity impairments and methods for disclosing them to the Audit Committee and senior management, in accordance with Internal Audit Standard requirements. This guide complements the broader Internal Audit Communication Framework and is included in the Internal Audit Manual. The Audit Committee reviewed and approved this Communication Framework at its meeting on February 11, 2025. Audit Committee agenda and reports are placed in public domain. Further, the Chief Administrative Officer, and senior management are standing invitees of the quarterly Audit Committee meetings.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
3	<b>Standard 4.1 Conformance with the Global Internal Audit Standards</b>	<p><i>When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</i></p> <p><i>If applicable, final engagement communications and communications with the board and senior management where nonconformance has been disclosed.</i></p>	<ul style="list-style-type: none"> <li>Email Communication</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> <li>At Least Annually</li> </ul>	<p>Internal Audit developed an Internal Audit Manual incorporating audit methodologies for each stage of the audit to align with the updated 2024 IIA Global Audit Standards. Audit staff perform audits guided by the audit manual. At the conclusion of each audit engagement, Internal Audit performs an internal quality assessment of the planning, execution, and reporting activities of each individual audit engagement to ensure compliance with global internal audit standards. Additionally, an annual review of Internal Audit's operations is conducted to assess the team's overall compliance with these standards, including areas such as staff completion of ethics training and performance reviews to ensure required competency. Any identified nonconformance along with improvement measures will be reported to the Audit Committee meetings regularly.</p> <p>The Chief Administrative Officer, and the senior management Team are standing invitees of these audit committee meetings.</p> <p>Our current practices have addressed this requirement.</p>
4	<b>Standard 6.1 Internal Audit Mandate</b>	<p><i>The chief audit executive must provide the board and senior management with the information necessary to establish the internal audit mandate. In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate.</i></p> <p><i>Periodically, the chief audit executive must assess whether changes in circumstances justify a discussion with the board and senior management about the internal audit mandate. If so, the chief audit executive must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives.</i></p> <p><i>Circumstances may justify a follow-up discussion with the board and senior management on the internal audit mandate or other aspects of the internal audit charter. These conditions may include, but are not limited to:</i></p> <ul style="list-style-type: none"> <li><i>A notable change in the Global Internal Audit Standards.</i></li> <li><i>A significant acquisition or reorganization within the organization.</i></li> <li><i>Significant changes in the board and/or senior management.</i></li> <li><i>Significant changes to the organization's strategies, objectives, risk profile, or the environment in which it operates.</i></li> <li><i>New laws or regulations that may affect the nature and/or scope of internal audit services.</i></li> </ul>	<ul style="list-style-type: none"> <li>A SLT Meeting involving Chair and Vice Chair of the Audit Committee</li> <li>Education and Information Session</li> </ul>	<ul style="list-style-type: none"> <li>At least Annually</li> <li>As Needed</li> </ul>	<p>Internal Audit conducted educational sessions with the senior management on May 30, 2024, regarding the issuance of the updated 2024 IIA Global Audit Standards. On June 13, 2024, the Director of Internal Audit facilitated a meeting with the Chief Administrative Officer, senior management, and the Chair and Vice Chair of the Audit Committee, as well as a representative from the Mayor's Office, to collect feedback on the Internal Audit Charter and Mandate. This feedback was provided to Audit Committee members at their educational session on June 25, 2024, for consideration. The revised Internal Audit Charter, incorporating feedback from the senior management and aligned with the IIA Standards, was presented to the Audit Committee on October 7, 2024, for their deliberation and approval. The Audit Committee adopted the Internal Audit Charter. Internal Audit Charter incorporates the Internal Audit Mandate.</p> <p>The revised Internal Audit Mandate and Charter were endorsed by the City Council on October 16, 2024, and subsequently enacted into the City of Brampton By-Law. The Director of Internal Audit reviews the Internal Audit Mandate and Charter regularly to ensure they remain relevant, effective, and aligned with organizational needs, including evolving goals, shifts in the risk landscape, and operational updates, as well as global internal audit standards.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
5	<b>Standard 6.2 Internal Audit Charter</b>	<p><i>The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:</i></p> <ul style="list-style-type: none"> <li>• Purpose of Internal Auditing.</li> <li>• Commitment to adhering to the Global Internal Audit Standards.</li> <li>• Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function. (See also Standard 6.1 Internal Audit Mandate.)</li> <li>• Organizational position and reporting relationships. (See also Standard 7.1 Organizational Independence.)</li> </ul> <p><i>The chief audit executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.</i></p>	<ul style="list-style-type: none"> <li>• A SLT Meeting involving Chair and Vice Chair of the Audit Committee</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> <li>• Annually</li> </ul>	<p>Refer to the comments under Standard 6.1 Internal Audit Mandate for details on how Internal Audit has addressed this requirement.</p> <p>The Internal Audit Charter is modeled after the public sector Model Charter and incorporates the following required sections:</p> <ul style="list-style-type: none"> <li>• Purpose of Internal Auditing</li> <li>• Commitment to adhering to the Global Internal Audit Standards</li> <li>• Mandate, including scope and types of services to be provided</li> <li>• Organizational position and reporting relationships</li> </ul> <p>The updated Internal Audit Charter, adopted by the Audit Committee on October 7, 2024, and endorsed by the City Council on October 16, 2024, reflects the Audit Committee's and senior management's understanding and expectations of the internal audit function. The Chief Administrative Officer, and the Senior Management Team are standing invitees of these audit committee meetings.</p> <p>Our current practices have addressed this requirement.</p>
6	<b>Standard 7.1 Organizational Independence</b>	<p><i>The chief audit executive must confirm to the board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment.</i></p> <p><i>The chief audit executive must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function's independence, either in fact or appearance.</i></p> <p><i>The chief audit executive must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments.</i></p>	<ul style="list-style-type: none"> <li>• A SLT Meeting involving Chair and Vice Chair of the Audit Committee</li> <li>• Education and Information Session</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• At least Annually</li> <li>• As Needed</li> <li>• At least Annually</li> </ul>	<p>Refer to the comments under Standard 6.1 Internal Audit Mandate for details on how Internal Audit has addressed this requirement.</p> <p>The senior management feedback session on June 13, 2024, also included discussions on current and proposed roles and responsibilities that could potentially impair the independence of the internal audit function. To preserve independence and objectivity, Internal Audit will not be asked to perform any operational roles that may create conflicts of interest. Additionally, Internal Audit provides advisory services only at the request of the City Council or the Chief Administrative Officer, with all proposed projects subject to Internal Audit's review.</p> <p>The revised Internal Audit Mandate and Charter were approved by the Audit Committee on October 7, 2024, endorsed by the City Council on October 16, 2024, and subsequently enacted into the City of Brampton By-Law. The Chief Administrative Officer, and the Senior Management Team are standing invitees of these audit committee meetings.</p> <p>Our current practices have addressed this requirement.</p>



Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
7	<b>Standard 7.2 Chief Audit Executive Qualification</b>	<p><i>The chief audit executive must help the board understand the qualifications and competencies of a chief audit executive that are necessary to manage the internal audit function. The chief audit executive facilitates this understanding by providing information and examples of common and leading qualifications and competencies.</i></p> <p><i>The board collaborates with senior management to determine which competencies and qualifications the organization expects in a chief audit executive. The competencies may vary according to the internal audit mandate, the complexity and specific needs of the organization, the organization's risk profile, and the industry and jurisdiction within which the organization operates, among other factors. The desired competencies and qualifications are typically documented in a job description and include:</i></p> <p><i>Given the importance of the chief audit executive role, a succession plan should be developed to identify internal or external candidates for replacing the chief audit executive. Such plans should be aligned with the organization's overall succession-planning process and be shared with the board and senior management.</i></p>	<ul style="list-style-type: none"> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Per Council Term</li> </ul>	<p>Refer to the comments under Standard 6.1 Internal Audit Mandate for details on how Internal Audit has addressed this requirement.</p> <p>The May 30 and Jun 13, 2024, education and feedback sessions incorporated feedback on the job description of the Director of Internal Audit. Senior management voted not to change the job description. On October 7, 2024, through a closed session discussion, the Audit Committee reconfirmed the appointment of the current Director to the CAE position.</p> <p>The City is working with business units to develop succession planning. On October 18, 2024, the Human Resources Department met with Internal Audit senior management to discuss its succession plan. HR staff advised that prior to the discussion, the plan was reviewed by and vetted with the Chief Administrative Officer. The finalized plan will be shared with the Chair and Vice Chair of the Audit Committee as part of regular operational updates provided by the Director of Internal Audit.</p> <p>It is important to note here that the Director of Internal Audit position is an essential function for the City of Brampton; the succession plan for this position will need to be discussed with and approved by the Chair of Audit Committee on account of audit independence.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
8	<b>Standard 8.1 Board Interaction</b>	<p><i>The chief audit executive must report to the board and senior management:</i></p> <ul style="list-style-type: none"> <li><i>The internal audit plan and budget and subsequent significant revisions to them. (See also Standards 6.3 Board and Senior Management Support and 9.4 Internal Audit Plan.)</i></li> <li><i>Changes potentially affecting the mandate or charter. (See also Standards 6.1 Internal Audit Mandate and 6.2 Internal Audit Charter.)</i></li> <li><i>Potential impairments to independence. (See also Standard 7.1 Organizational Independence.)</i></li> <li><i>Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results. (See also Standards 11.3 Communicating Results, 14.5 Engagement Conclusions, and 15.2 Confirming the Implementation of Recommendations or Action Plans.)</i></li> <li><i>Results from the quality assurance and improvement program. (See also Standards 8.3 Quality, 8.4 External Quality Assessment, 12.1 Internal Quality Assessment, and 12.2 Performance Measurement.)</i></li> </ul> <p><i>There may be instances when the chief audit executive disagrees with senior management or other stakeholders on the scope, findings, or other aspects of an engagement that may affect the ability of the internal audit function to execute its responsibilities. In such cases, the chief audit executive must provide the board with the facts and circumstances to allow the board to consider whether, in its oversight role, it should intervene with senior management or other stakeholders.</i></p> <p><i>Typically, disagreements between the chief audit executive and senior management should be discussed with senior management to ensure the information presented to the board is accurate and reflects management's perspective.</i></p>	<p>Refer to the following standards listed in the Framework for specific guidance on required communication:<sup>19</sup></p> <p><i>Standard 6.3 Board and Senior Management Support</i>  <i>Standard 9.4 Internal Audit Plan</i>  <i>Standard 7.1 Organizational Independence</i>  <i>Standard 11.3 Communicating Results</i>  <i>Standard 14.5 Engagement Conclusions</i>  <i>Standard 15.2 Confirming the Implementation of Recommendations or Action Plans</i>  <i>Standard 8.3 Quality</i>  <i>Standard 8.4 External Quality Assessment</i>  <i>Standard 12.1 Internal Quality Assessment</i>  <i>Standard 12.2 Performance Measurement</i></p> <ul style="list-style-type: none"> <li>Email Communication</li> <li>Operations Update Meeting</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> <li>Regularly</li> </ul>	<p>Refer to the comments under each specific Standard for a detailed explanation of how Internal Audit addressed the corresponding requirements.</p> <p>Our current practices have addressed these requirements.</p> <p>Internal Audit has developed an Internal Audit Manual to provide a structured approach for managing and resolving disagreements with senior management regarding audit scope or other aspects of an audit engagement. If unresolved issues hinder Internal Audit from forming a reliable and credible assurance conclusion, the Director of Internal Audit will promptly escalate the matter to the Audit Committee while keeping senior management and key stakeholders informed. This framework was approved by the Audit Committee on February 11, 2025.</p> <p>As part of the current process, Internal Audit ensures that findings are validated with auditees for factual accuracy before they are included in the audit report. Recommendations are discussed and agreed upon to ensure they lead to actionable and practical remediation. Key stakeholders and senior management are engaged, as appropriate, to address any disagreements, ensuring transparency and accuracy in audit engagement reporting.</p> <p>Our current practices have addressed this requirement.</p>

<sup>19</sup> Internal Audit's communication shall support the board in fulfilling its responsibilities by understanding how Internal Audit is meeting its mandate and clarifying the board's expectations regarding the City's strategies, objectives, and risks, assisting Internal Audit in setting its priorities. It also specifies the board's expectations for the frequency of communication received from the Director of Internal Audit and outlines the criteria and processes for escalating significant issues to the board.



Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
9	<b>Standard 8.2 Resources</b>	<p><i>The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.</i></p> <p><i>Agendas, meeting minutes, and communications between the chief audit executive and the board and/or senior management, documenting discussions of the sufficiency of internal audit resources.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> <li>• At Least Annually</li> </ul>	<p>The Director of Internal Audit proactively evaluates resource needs and addresses deficiencies with the Chief Administrative Officer and the Chair and Vice Chair of the Audit Committee during regular operational update meetings. Since July 2022, the Director has collaborated with the Chief Administrative Officer, the Audit Committee Chair and Vice Chair, and Human Resources to address staffing gaps. These efforts have been documented in multiple public staff reports to the Audit Committee, including the 2023 Annual Report.</p> <p>Beginning in 2024, the Internal Audit budget request for future years is presented to the Audit Committee for review and approval before being forwarded to the City's Budget Committee/Mayor's Budget Office for consideration. Resource shortages are also highlighted in routine updates, such as Ethics Hotline activity reports and Internal Audit work plan update reports, which are presented at quarterly Audit Committee meetings for information. The 2025 Budget Request, outlining resource needs, was presented to the Audit Committee on October 7, 2024, and further discussed at the December 3, 2024, meeting. In instances where additional resources are unavailable to meet Audit Standards requirements, budget and resource workarounds will be proposed to the Audit Committee for evaluation and approval.</p> <p>Our current practices have addressed this requirement.</p>
10	<b>Standard 8.3 Quality</b>	<p><i>At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:</i></p> <ul style="list-style-type: none"> <li>• <i>The internal audit function's conformance with the Standards and achievement of performance objectives.</i></li> <li>• <i>If applicable, compliance with laws and/or regulations relevant to internal auditing.</i></li> <li>• <i>If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.</i></li> </ul> <p><i>The chief audit executive's communications to the board and senior management regarding the internal audit function's quality assurance and improvement program should include:</i></p> <ul style="list-style-type: none"> <li>• <i>The scope, frequency, and results of internal and external quality assessments conducted under the direction of, or with the assistance of, the chief audit executive.</i></li> <li>• <i>Action plans that address deficiencies and opportunities for improvement. Actions should be agreed upon with the board.</i></li> <li>• <i>Progress toward completing the agreed-upon actions.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• At Least Annually</li> </ul>	<p>To comply with global internal audit standards, Internal Audit conducts ongoing monitoring and periodic self-assessments of its service quality and conformance with these standards, with the results presented at Audit Committee meetings. For the 2024 self-assessment, Internal Audit engaged the Institute of Internal Auditors to perform a Gap Assessment of Internal Audit practices against the updated standards, effective January 2025. The results of the Gap Assessment were presented to the Audit Committee on October 7, 2024, by a quality assessor from the Institute of Internal Auditors. The report outlined non-conformances and opportunities for improvement, along with Internal Audit's action plans to address them.</p> <p>For additional details on how Internal Audit addressed this requirement, refer to the comments under Standard 8.4: External Quality Assessment.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
11	<b>Standard 8.4 External Quality Assessment</b>	<i>The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.</i>	<ul style="list-style-type: none"> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>At Least Once Every 5 Years</li> </ul>	<p>To comply with global internal audit standards, Internal Audit engages qualified external service providers at least every five years to evaluate the quality of its assurance services and adherence to the standards. External Quality Assessments were conducted in 2017 and 2020, with the results presented as public reports to the Audit Committee. The next External Quality Assessment is scheduled for August 2025, with the results to be presented at the October 7, 2025, Audit Committee meeting. Senior management are standing invitees to these meetings.</p> <p>Our current practices have addressed this requirement.</p>
12	<b>Standard 9.2 Internal Audit Strategy</b>	<p><i>The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.</i></p> <p><i>The chief audit executive must review the internal audit strategy with the board and senior management periodically.</i></p>	<ul style="list-style-type: none"> <li>Operations Update Meeting</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>At Least Annually</li> <li>Annually</li> </ul>	<p>Internal Audit has developed an Internal Audit Strategy aligned with global internal audit standards, which was presented to the Audit Committee on December 3, 2024. To ensure adequate consideration of management’s input, the Strategy was shared with and vetted by the Chief Administrative Officer on behalf of senior management before its adoption by the Audit Committee. The Internal Audit Strategy is publicly accessible through the City's public domain and managed by the City Clerk.</p> <p>Internal Audit will review the Strategy at least annually, with any revisions submitted to the Audit Committee for review and approval. Feedback from senior management will be obtained before presenting the revisions to the Audit Committee.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
13	<b>Standard 9.4 Internal Audit Plan</b>	<p><i>The chief audit executive must base the internal audit plan on a documented assessment of the organization’s strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive’s understanding of the organization’s governance, risk management, and control processes. The assessment must be performed at least annually.</i></p> <p><i>The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:</i></p> <ul style="list-style-type: none"> <li>• <i>The impact of any resource limitations on internal audit coverage</i></li> <li>• <i>The rationale for not including an assurance engagement in a high-risk area or activity in the plan.</i></li> <li>• <i>Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.</i></li> <li>• <i>Limitations on scope or restrictions on access to information.</i></li> </ul> <p><i>The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board.</i></p>	<ul style="list-style-type: none"> <li>• Annual Refreshing Risk Assessment Questionnaire and Discussion</li> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• At Least Annually</li> <li>• As Needed – At Least Annually</li> <li>• Annually</li> </ul>	<p>Internal Audit conducts a comprehensive City-wide risk assessment every five years to help inform Internal Audit's strategic long-term audit plan. This process involves reviewing 10 categories of risks and interviews with key stakeholders, including business area leaders, to ensure a thorough evaluation of risks. The finalized five-year audit plan is then presented to the Audit Committee for review and approval. The finalized work plan considers the City’s Strategic Priorities, input from the Audit Committee and senior management as required by the IIA Standards.</p> <p>Internal Audits are conducted using a risk-ranking system that prioritizes areas with the highest levels of risk. To support the implementation of the five-year audit plan, audit staff annually distribute updated risk assessment questionnaires to business units scheduled for upcoming audits.</p> <p>The City's Strategic Priorities play a key role in shaping the annual risk assessment and, consequently, the Annual Audit Work Plan. This ensures that risk rankings are current and accurate, providing a strong foundation for the plan.</p> <p>The finalized Annual Audit Work Plan is presented at the first Audit Committee meeting of the year (typically in February) for review and approval. The plan includes a clear mapping of audit activities to the City's Strategic Priorities, emphasizing the alignment between internal audit efforts and the City's strategic goals.</p> <p>The Audit Committee and City Council may propose additional priorities for Internal Audit to review, as they have done in the past. Internal Audit evaluates this feedback and makes adjustments to the annual audit work plan as needed. The Director of Internal Audit promptly communicates these changes through operational updates to the Chair and Vice Chair of the Audit Committee and presents them at subsequent committee meeting(s). These adjustments may address auditee concerns or provide justification for postponing assurance engagements in high-risk areas.</p> <p>Internal Audit provides the Audit Committee with four updates annually on the execution of the audit plan. These updates are public records, accessible through the City’s public domain managed by the City Clerk.</p> <p>To ensure a structured and consistent approach to communicating significant interim changes to the approved audit plan, Internal Audit developed <b>Appendix III Internal Audit Plan Update: A Communication Guide</b>, which the Audit Committee approved on February 11, 2025.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
14	<b>Standard 9.5 Coordination and Reliance</b>	<p><i>The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. Coordination of services minimizes duplication of efforts, highlights gaps in coverage of key risks, and enhances the overall value added by providers.</i></p> <p><i>When the internal audit function relies on the work of other assurance service providers, the chief audit executive must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function.</i></p> <p><i>If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board.</i></p>	<ul style="list-style-type: none"> <li>Email Communication</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> </ul>	<p>Currently, there are no other assurance providers within the City whose work Internal Audit can rely upon. Although the City has recently established an Enterprise Risk Management function, meaningful collaboration is expected to evolve as the Enterprise Risk Management operations mature.</p> <p>The Audit Director collaborates with the City’s Statutory Auditor through various activities, including participation in the annual statutory audit planning meeting, sharing internal audit reports, completing the Statutory Audit annual audit work plan questionnaire, and providing insights on cybersecurity and fraud risks during an annual dialogue. However, as the Statutory Auditor primarily focuses on financial audits while Internal Audit emphasizes operational risks, there is no direct reliance by Internal Audit on the external auditor’s work.</p> <p>To date, there have been no concerns regarding Internal Audit’s coordination or reliance on the work of other assurance providers. Should such concerns arise, Internal Audit will prepare a report for the Audit Committee detailing the issues. Senior management are invited to attend the Audit Committee meetings to provide input. Where appropriate, verbal communication may also be shared with the Chair and Vice Chair of the Audit Committee ahead of the meetings.</p> <p>Our current practices have addressed this requirement.</p>
15	<b>Standard 10.1 Financial Resource Management</b>	<p><i>The chief audit executive must seek budget approval from the board. The chief audit executive must communicate promptly the impact of insufficient financial resources to the board and senior management.</i></p> <p><i>If significant additional resources are needed due to unforeseen circumstances, the chief audit executive should discuss the circumstances with the board and senior management promptly.</i></p>	<ul style="list-style-type: none"> <li>Operations Update Meeting</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>At Least Annually</li> </ul>	<p>Beginning in October 2024, the Director of Internal Audit began providing staff reports and presentations to the Audit Committee regarding annual budget requests. These reports included details on major initiatives, technology limitations, and resource requirements. Following approval by the Audit Committee, the budget was submitted to the Mayor’s Office of Budget for consideration.</p> <p>Leading up to the annual budget meeting, the Director of Internal Audit provides regular operational updates to the Chief Administrative Officer as well as the Chair and Vice Chair of the Audit Committee. These updates typically incorporate topics on human resource adjustments, staffing requests, technology limitations, and the funding required to address these challenges.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
16	<b>Standard 10.2 Human Resources Management</b>	<p><i>The chief audit executive must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. If the function lacks appropriate and sufficient human resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or communicate timely to the board and senior management the impact of the limitations.</i></p> <p><i>The chief audit executive should follow the organization's human resources policies or, as in the public sector, follow regulatory or contractually driven human resources frameworks. The board and senior management should be advised when these mandated frameworks diminish the ability to fulfill the human resources needs of the internal audit function.</i></p>	<ul style="list-style-type: none"> <li>• SLT Meeting Involving Chair and Vice Chair of the Audit Committee</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As Needed</li> <li>• Annually</li> </ul>	<p>Internal Audit ensures timely communication with the Audit Committee and senior management (via the Chief Administrative Officer) regarding the adequacy of the internal audit function's human resources and any deficiencies. Resource shortages, including staffing and technology limitations, are addressed through additional budget requests and resource allocations.</p> <p>These issues are initially discussed during regular operational updates with the Chief Administrative Officer, as well as the Chair and Vice Chair of the Audit Committee. Formal updates are provided during quarterly Audit Committee meetings as needed. Topics typically covered include staffing adjustments, resource needs, technology limitations, and funding requirements.</p> <p>Our current practices have addressed this requirement.</p>
17	<b>Standard 10.3 Technology Resources</b>	<p><i>The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly</li> <li>• At Least Annually</li> </ul>	<p>Refer to Standard 10.1 Human Resources Management for details on how Internal Audit has addressed this requirement.</p> <p>As an example, a report titled "Staff Report re: IIA Standards Work and External Quality Assessment" was presented to the Audit Committee on June 10, 2024, highlighting technology constraints faced by Internal Audit and Internal Audit's efforts to address this limitation.</p> <p>Our current practices have addressed this requirement.</p>



Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
18	<b>Standard 11.3 Communicating Results</b>	<p><i>The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. The chief audit executive must understand the expectations of the board and senior management regarding the nature and timing of communications.</i></p> <p><i>The results of internal audit services can include:</i></p> <ul style="list-style-type: none"> <li>• <i>Engagement conclusions.</i></li> <li>• <i>Themes such as effective practices or root causes.</i></li> <li>• <i>Conclusions at the level of the business unit or organization.</i></li> </ul> <p><i>Engagement Conclusion</i>  <i>The chief audit executive must review and approve final engagement communications, which include engagement conclusions, and decide to whom and how they will be disseminated before they are issued. If these duties are delegated to other internal auditors, the chief audit executive retains overall responsibility. The chief audit executive must seek the advice of legal counsel and/or senior management as required before releasing final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations. (See also Standards 11.4 Errors and Omissions, 11.5 Communicating the Acceptance of Risks, and 15.1 Final Engagement Communication.)</i></p> <p><i>Themes</i>  <i>The findings and conclusions of multiple engagements, when viewed holistically, may reveal patterns or trends, such as root causes. When the chief audit executive identifies themes related to the organization's governance, risk management, and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management.</i></p> <p><i>Conclusions at the Level of the Business Unit or Organization</i>  <i>The chief audit executive may be required to make a conclusion at the level of the business unit or organization about the effectiveness of governance, risk management, and/or control processes, due to industry requirements, laws and/or regulations, or the expectations of the board, senior management, and/or other stakeholders. Such a conclusion reflects the professional judgment of the chief audit executive based on multiple engagements and must be supported by relevant, reliable, and sufficient information. When communicating such a conclusion to the board or senior management, the chief audit executive must include:</i></p> <ul style="list-style-type: none"> <li>• <i>A summary of the request.</i></li> <li>• <i>The criteria used as a basis for the conclusion, for example a governance framework or risk and control framework.</i></li> <li>• <i>The scope, including limitations and the period to which the conclusion pertains.</i></li> <li>• <i>A summary of the information that supports the conclusion.</i></li> <li>• <i>A disclosure of reliance on the work of other assurance providers, if any.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>	<p><b>Engagement Conclusion</b>  Internal Audit presents the results of each audit engagement at scheduled Audit Committee meetings through audit reports. Beginning in Q2 2024, Internal Audit adopted a standardized reporting template for enhanced clarity and impact.</p> <p>The redesigned audit reporting template incorporates key elements to ensure comprehensive communication of audit results in alignment with global internal audit standards. It is designed to provide clear and effective information to the Audit Committee, senior management, and other stakeholders. The key elements featured in the template are:</p> <ul style="list-style-type: none"> <li>• Audit Objectives, Scope and Methodology</li> <li>• Detailed Audit Findings</li> <li>• Management's Response to the Audit Report</li> </ul> <p>Auditors follow updated report templates when drafting reports, incorporating the following "5 Cs" when documenting audit results and individual findings:</p> <ul style="list-style-type: none"> <li>• Criteria</li> <li>• Condition</li> <li>• Cause</li> <li>• Impact</li> <li>• Recommendations</li> </ul> <p>This structured approach ensures that audit findings are consistently and thoroughly documented, and recommendations are actionable.</p> <p>All reports include an overall conclusion on the effectiveness of risk management and control processes under review. This conclusion relates to the audit objectives and reflects Internal Audit's professional judgment regarding the overall significance of the aggregated audit findings.</p> <p><b>Themes</b>  The Internal Audit reviews the audit engagements completed during the annual audit cycle. Common themes, if identified, will be presented to the first Audit Committee each year as part of the Annual Report or a standalone staff report.</p> <p><b>Conclusions at the Level of the Business Unit or Organization</b>  Reports in response to ad hoc requests arising from industry requirements, laws or regulations, or the expectations of the board, senior management, and key stakeholders, will follow the same reporting templates for individual audit engagement. Currently only City Council/Chief Administrative Officer can request advisory/consulting projects beyond approved Internal Audit Work Plan, and these requests are subject to Internal Audit's evaluation. The reporting will incorporate the following required information outlined in global internal audit standards, including:</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
18	<b>Standard 11.3 Communicating Results (Cont.)</b>	<p><i>The results of internal audit services may be based on individual engagements, multiple engagements, and interactions with the board and senior management over time.</i></p> <p><i>The chief audit executive must seek the advice of legal counsel and/or senior management as required before releasing final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations.</i></p>			<ul style="list-style-type: none"> <li>• A summary of the request.</li> <li>• The criteria used as the basis for the conclusion, such as a governance framework or risk and control framework.</li> <li>• The scope, including any limitations and the period to which the conclusion pertains.</li> <li>• A summary of the information supporting the conclusion.</li> <li>• A disclosure of reliance on the work of other assurance providers, if applicable.</li> </ul> <p>Our current practices have addressed this requirement.</p>
19	<b>Standard 11.4 Error and Omissions</b>	<p><i>If a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication.</i></p> <p><i>Significance is determined according to criteria agreed upon with the board.</i></p>	<ul style="list-style-type: none"> <li>• Email Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Timely and As Needed</li> </ul>	<p>The Director of Internal Audit promptly notifies all parties who have received the final audit report, including the Audit Committee, senior management, and other stakeholders, when significant errors or omissions are identified. This notification is communicated via email or verbally. If the report has been posted to the City's public domain, the City Clerk is also notified in the same manner to repost the corrected version.</p> <p>The communication protocol is detailed in <b>Appendix IV Errors and Omissions: A Communication Guide</b>, which defines significant errors and omissions warranting corrective actions and communication. This guide was approved by the Audit Committee on February 11, 2025.</p> <p>To minimize the likelihood of significant errors or omissions being identified after the issuance of the final audit report, Internal Audit has implemented stringent oversight controls to ensure the accuracy of audit reporting. All audit findings are thoroughly discussed and agreed upon with auditees prior to their inclusion in the final report. Additionally, a draft report is shared with management to verify factual accuracy. As a result, the chances of significant errors or omissions occurring are minimal.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
20	<b>Standard 11.5 Communicating the Acceptance of Risks</b>	<p><i>The chief audit executive must communicate unacceptable levels of risk.</i></p> <p><i>When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management. If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board.</i></p>	<ul style="list-style-type: none"> <li>• Operations Update Meeting</li> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• As needed</li> <li>• Quarterly and As Needed</li> </ul>	<p>Internal Audit will document and report management's acceptance of unacceptable levels of risk identified through emails, during regular operational updates held by the Director of Internal Audit with the Chair and Vice Chair of the Audit Committee, as well as in the audit reports presented to the quarterly Audit Committee, depending on the urgency of the risks and their impact. For a detailed explanation of how Internal Audit addresses this requirement, refer to the comments under Standard 11.3: Communicating Results.</p> <p>If concerns arise due to a lack of management actions to address audit findings with significant risk exposures, they will be included in Internal Audit's quarterly Management Action Plan report to the Audit Committee.</p> <p>Senior management will be engaged, as appropriate, in discussions in an effort to address the issues before escalating them to the Chief Administrative Officer, and then to the Audit Committee.</p> <p>The communication protocol is detailed in <b>Appendix V: Risk Acceptance: A Communication Guide</b>, which defines what constitutes the acceptance of unacceptable levels of risk warranting senior management discussion and Audit Committee escalation. Audit Committee, at its meeting of February 11, 2025, adopted this Guide as part of the Communication Framework.</p> <p>Our current practices have addressed this requirement.</p>
21	<b>Standard 12.1 Internal Quality Assessment</b>	<p><i>The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes:</i></p> <ul style="list-style-type: none"> <li>• <i>Communication with the board and senior management about the results of internal assessments.</i></li> </ul> <p><i>The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management.</i></p> <p><i>If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the chief audit executive must disclose to the board and senior management the nonconformance and its impact.</i></p>	<ul style="list-style-type: none"> <li>• Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> </ul>	<p>Refer to the comments under Standard 8.3 Quality for a detailed explanation of how Internal Audit addressed this requirement.</p> <p>Our current practices have addressed this requirement.</p>



Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
22	<b>Standard 12.2 Performance Measurement</b>	<p><i>The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives.</i></p> <p><i>When assessing the internal audit function's performance, the chief audit executive must solicit feedback from the board and senior management as appropriate.</i></p>	<ul style="list-style-type: none"> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> </ul>	<p>Approved by the Audit Committee, the Internal Audit Strategy incorporates performance metrics to assess audit staff's progress toward their development goals, which are critical to achieving Internal Audit's objectives. These metrics are reviewed annually, compared against actual performance, and included in the annual service plan report to the Audit Committee during the budgeting cycle. The Chief Administrative Officer reviewed the Strategy and provided input, on behalf of management, and the document is accessible in the City's public domain.</p> <p>Our current practices have addressed this requirement.</p>
23	<b>Standard 13.4 Evaluation Criteria</b>	<p><i>Internal auditors must identify the most relevant criteria to be used to evaluate the aspects of the activity under review defined in the engagement objectives and scope. For advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders.</i></p> <p><i>Internal auditors must assess the extent to which the board and senior management have established adequate criteria to determine whether the activity under review has accomplished its objectives and goals. If such criteria are adequate, internal auditors must use them for the evaluation. If the criteria are inadequate, internal auditors must identify appropriate criteria through discussion with the board and/or senior management.</i></p>	<ul style="list-style-type: none"> <li>Letter of Engagement and Audit Reports</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing with Each Audit Engagement</li> <li>Quarterly</li> </ul>	<p>For each audit engagement, Internal Audit reviews the applicable criteria, such as relevant laws, regulations, or requirements established by City management that govern the operational activities within the audit's scope, to evaluate risk control design adequacy and operating effectiveness. These criteria are communicated to auditees in the Audit Objective and Scope section of the engagement letter. In the absence of such criteria, or if the existing criteria are deemed inadequate, Internal Audit applies industry best practices for benchmarking.</p> <p>In the updated audit reporting template, auditors are required to specify the criteria used to evaluate the adequacy of risk control design and operating effectiveness for each audit finding reported. This ensures transparency. Auditees will also become aware of the audit criteria when reviewing the Letter of Engagement or the audit reports.</p> <p>Our current practices have addressed this requirement.</p>
24	<b>Standard 13.5 Engagement Resources</b>	<p><i>If the available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the chief audit executive to obtain the resources.</i></p> <p><i>The chief audit executive is responsible for discussing with senior management and the board the implications of resource limitations and determining the course of action to take.</i></p>	<ul style="list-style-type: none"> <li>Operations Update Meeting</li> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Quarterly and As Needed</li> </ul>	<p>Refer to the comments under Standard 10.1 Human Resources Management for details on how Internal Audit has addressed this requirement.</p> <p>Our current practices have addressed this requirement.</p>

Ref #	Standards	Requirements and/or Considerations for Implementation (Excerpts from Standards)	Communication Formats	Communication Frequency	How Internal Audit Addresses this Requirement with Senior Management
25	<b>Standard 14.5 Engagement Conclusions</b>	<i>Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives. The engagement conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings.</i>	<ul style="list-style-type: none"> <li>Audit Reports and Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>	<p>Refer to the Engagement Conclusions comments under Standard 11.3 Communicating Results for a detailed explanation of how Internal Audit addressed this requirement.</p> <p>Our current practices have addressed this requirement.</p>
26	<b>Standard 15.2 Confirming the Implementation of Recommendations or Action Plans</b>	<i>Internal auditors may use a software program, spreadsheet, or system to track whether management's action plans are implemented according to the established timelines. The tracking system indicates whether action plans remain open or are past due and provides a useful tool for internal auditors to communicate with the board and senior management.</i>	<ul style="list-style-type: none"> <li>Audit Committee Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>	<p>Historically, Internal Audit used an offline spreadsheet to track the status of Management Action Plans for addressing audit findings. Over the past two to three years, Internal Audit has been working on automating the follow-up process for these plans, a project now nearing completion. Beginning with the February 11, 2025, Audit Committee meeting, Internal Audit will generate action follow-up reports directly from the Pentana software for quarterly reporting to the committee.</p> <p>Our current practices have addressed this requirement.</p>

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# Documentation Version Control

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Date	Version #	Change By	Description of Change
February 11, 2025	1.0	N/A	Framework Creation