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## Appendix 2: External Quality Assessment Plan

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**The Quality Assurance Program ensures high-quality, effective internal audits, compliance with standards, and continuous improvement.**

According to **Standard 8.4: External Quality Assessment** of the 2024 Global Internal Audit Standards, effective January 2025, the Chief Audit Executive (CAE) is required to develop a plan for conducting the mandatory external quality assessment at least once every five years. The plan must specify the minimum requirements outlined in the standards, be reviewed by the Audit Committee and senior management, and receive approval from the Audit Committee.

The detailed requirements set out by the standard are as follows:

### **Standard 8.4 External Quality Assessment**

*“The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board.*”

#### ***Essential Conditions***

##### *Board*

- *Discuss with the chief audit executive the plans to have an external quality Assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.*
- *Collaborate with senior management and the chief audit executive to determine the scope and frequency of the external quality assessment.*
- *Consider the responsibilities and regulatory requirements of the internal audit function and the chief audit executive, as described in the internal audit charter, when defining the scope of the external quality assessment.*
- *Review and approve the chief audit executive’s plan for the performance of an external quality assessment. Such approval should cover, at a minimum:*
  - *The scope and frequency of assessments.*
  - *The competencies and independence of the external assessor or assessment team.*
  - *The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.*

##### *Senior Management*

- *Collaborate with the board and the chief audit executive to determine the scope and frequency of the external quality assessment.”*

To comply with Standard 8.4 Quality, Internal Audit developed the External Quality Assessment Plan, consisting of the following required elements:

#### A. Assessment Scope and Frequency

In response to the release of the 2024 Global Internal Audit Standards, the Director updated the Internal Audit Charter to specify a five-year frequency for conducting external quality assessments, incorporating feedback from the Senior Leadership Team<sup>1</sup>. The updated Charter was approved by the Audit Committee, endorsed by the City Council in October 2024, and formally enacted as part of the City of Brampton By-Law<sup>2</sup>.

With the last external quality assessment completed in August 2020, Internal Audit has scheduled the next assessment for 2025 to comply with the new standards. This assessment will encompass all internal audit activities, evaluating the function's conformance with each standard, achievement of performance objectives, and continuous improvement efforts. As the new standards take effect on January 9, 2025, the quality assessment will primarily cover the 2024 audit initiative focused on standard conformance and the audit engagements/activities conducted in 2025.

#### B. Assessment Approach

In preparation for the upcoming external quality assessment, Internal Audit has chosen the Self-Assessment with Independent Validation (SAIV) approach instead of a full external assessment.

A full external assessment is conducted entirely by an independent assessor or team external to the City of Brampton, whereas the SAIV combines a comprehensive self-assessment conducted by qualified internal audit staff with validation by an independent external assessor. The process includes stakeholder interviews, surveys, and document reviews, during which the external validator substantiates the self-assessment work and the ratings proposed by the internal audit staff. The validator will either co-sign the self-assessment report on conformance with the Standards or issue a separate report addressing any discrepancies, which will be presented directly to the Audit Committee.

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<sup>1</sup> Internal Audit conducted educational sessions on the 2024 IIA Global Internal Audit Standards for the Senior Leadership Team on May 30, 2024. On June 13, 2024, Internal Audit facilitated a meeting with the Senior Leadership Team, the Chair and Vice Chair of the Audit Committee, and Internal Audit to gather feedback on key areas, including the Internal Audit Charter, mandate, Chief Audit Executive (CAE) job description, the potential scope of advisory services, and the frequency of external quality assessments.

<sup>2</sup> <https://www.brampton.ca/EN/City-Hall/Bylaws/Archive/163-2024.pdf>

Internal Audit selected the SAIV approach for the following reasons:

- Enhancing Internal Audit's institutional knowledge of the new standards, which supports the effective implementation and ongoing maintenance of the QAIP.
- Ensuring cost-effectiveness, as SAIV is a more economical option. In this approach, Internal Audit conducts the "self-assessment" portion, while an independent and qualified external assessor reviews and validates, reducing overall costs.

The SAIV is scheduled to begin in Q2 2025, with the Director of Internal Audit assigning the task to staff certified through the Institute of Internal Auditors (IIA) Quality Assessor Certification Program. The independent external validation will follow in August 2025, and the results will be presented to the Audit Committee on October 7, 2025.

#### C. External Independent Quality Assessor / Assessment Team

Internal Audit has decided to engage the IIA to conduct the external quality assessment using the SAIV approach. This decision is driven by the IIA's release of the new standards, solidifying its position as the most authoritative body to oversee the assessment.

Building on the insights gained from the IIA's gap assessment, the institution applies a rigorous due diligence process to ensure the assigned quality assessor is independent, holds active internal audit certifications, and is free from conflicts of interest to maintain objectivity.