



IIA

Quality Services

Elevating Internal Audit Quality
Around the World

EXTERNAL QUALITY ASSESSMENT REPORT

Presented to
**City of Edmonton Office of the
City Auditor – Audit Committee**

Prepared January 30, 2026



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Executive Summary



City of Edmonton Office of the City Auditor

The City of Edmonton’s Office of the City Auditor (OCA) **Generally Achieves** the *Global Internal Audit Standards (Standards)*.

This level of achievement demonstrates a clear intent and commitment to achieving the Purpose of Internal Auditing and 15 Principles and conforming to the 52 Standards of the Global Internal Audit Standards.

Domain I Purpose of Internal Auditing	
Purpose	Rating
Purpose of Internal Auditing	GA

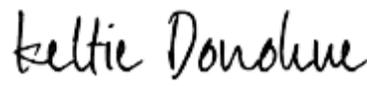
Domain II Ethics and Professionalism	
Principle	Rating
Demonstrate Integrity	FA
Maintain Objectivity	GA
Demonstrate Competency	GA
Exercise Due Professional Care	GA
Maintain Confidentiality	FA

Domain III Governing the Internal Audit Function	
Principle	Rating
Authorized by the Board	FA
Positioned Independently	FA
Overseen by the Board	FA

Domain IV Managing the Internal Audit Function	
Principle	Rating
Plan Strategically	GA
Manage Resources	FA
Communicate Effectively	GA
Enhance Quality	FA

Domain V Performing Internal Audit Services	
Principle	Rating
Plan Engagements Effectively	FA
Conduct Engagement Work	FA
Communicate Engagement Results and Monitor Action Plans	FA

Rating Legend (see Appendix A for Definitions)	
FA	Fully Achieves
GA	Generally Achieves
PA	Partially Achieves
NA	Nonachievement



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Summary Observations Specific to Internal Audit

The City of Edmonton's Office of the City Auditor (OCA) has the infrastructure in place via defined policies and procedures to support consistency, quality and sustainability of internal audit processes to achieve the purpose of internal auditing. The OCA team is professional and highly credentialed and there is considerable support for staff development and training. Overall, the OCA is viewed as providing value add recommendations to the City to improve its governance, risk management and control processes. Going forward, the OCA can strengthen its relationship with the City's Executive Leadership Team, ensuring a common understanding of the OCA's development of its risk-based annual audit plan, its prioritization process, and the resulting engagement choices in line with the City's key risk areas and priorities.

The Assessment Team identified below the Successful Practices and one Enhancement Opportunity. The City of Edmonton's OCA provided management responses/action plans for the enhancement opportunity. Details on each can be found starting on page eleven of this report. Upon issuance of this report, the OCA may use the "Conformance" phrases permitted by the Standards in its audit reports, Charter and other practice materials.

Successful Practices:

- Well-established OCA mandate, incorporated in the approved City Auditor Bylaws along with the Internal Audit Charter.
- Annual confirmation, to the Audit Committee, of OCA's organizational independence. The reporting relationships and organizational positioning of the OCA clearly support OCA independence.
- Established opportunities for the OCA to discuss significant and sensitive matters with the Audit Committee in private without Administration present.
- Integrated the new *Standards* emphasizing "courage" into the OCA's leadership competency framework, strategy, and learning activities, with the behavior being recognized through staff interviews.
- Maintain objectivity of OCA's internal auditors by requiring staff to confirm independence, acknowledge compliance with *Standards*, and by following internal guidelines for managing conflicts of interest.
- Strong commitment to maintaining confidentiality and using information appropriately, which is reinforced through employee acknowledgement of various standards and guidelines, including data protection requirements.
- Effective OCA long-term strategy in place supporting the City's strategic objectives and the expectations of the Council, Administration, and other key stakeholders.
- Clear, high-quality engagement reports communicated to the appropriate parties along with effective monitoring of management's progress toward the implementation of recommendations.
- The City Auditor's annual plan is risk-based, stakeholder-informed strategy that focuses on robust resource management and high-quality assurance while utilizing advisory services to provide value and foster collaboration with management.
- The City Auditor champions quality enhancement by ensuring conformance with the *Standards* and continuous improvement through a robust internal quality assurance and improvement program.
- Well-established structured, risk-based framework in place to plan and execute audits in alignment with the *Standards*. This ensures engagements are properly resourced, evidenced-based, and collaborative, resulting in well-documented and effective reporting.

Enhancement Opportunity:

- Strengthen OCA relationship with the City's Executive Team by improving the transparency and understanding of OCA's development of its risk-based annual audit plan, its prioritization process, and the resulting engagement choices in line with the City's key risk areas and priorities.

Report Details



Objective, Scope, Methodology and Qualifications

OBJECTIVE

The objective of this assessment was to evaluate the Internal Audit Function's (IAF) achievement of the Purpose of Internal Auditing and the 15 Principles and conformance to the 52 Standards of the Global Internal Audit Standards per Standard 8.4 – External Quality Assessments.

SCOPE

As required by Standard 8.4, the scope of this assessment included a comprehensive review of the adequacy of the IAF's:

- Conformance with the Global Internal Audit Standards
- Mandate, charter, strategy, methodologies, processes, risk assessment, and internal audit plan
- Compliance with applicable laws and/or regulations
- Performance criteria and measures as well as assessment results
- Competencies and due professional care, including the sufficient use of tools and techniques, and focus on continual development
- Qualifications and competencies, including those of the chief audit executive role, as defined by the organization's job description(s)
- Integration into the organization's governance processes, including the relationships among those involved in positioning the internal audit function to operate independently
- Contribution to the organization's governance, risk management, and control processes
- Contribution to the improvement of the organization's operations and ability to attain its objectives
- Ability to meet expectations articulated by the board, senior management, and stakeholders

METHODOLOGY

To accomplish the above scope and objectives, the Assessment Team:

- Reviewed information prepared specifically for this external quality assessment by the IAF
- Conducted interviews with key stakeholders of the IAF including audit committee members, senior executives, the external auditors, the City Auditor, and Office of the City Auditor staff
- Reviewed a sample of engagement (assurance and/or advisory) projects' work papers, reports and other supporting documentation
- Reviewed the Internal Audit Function's Manual (policies and procedures) and other supporting records
- Reviewed survey data received from Internal Audit stakeholders and IAF staff resulting from IIA Quality Services' survey process
- Prepared diagnostic tools consistent with the EQA methodology stated in the IIA's *Quality Assessment Manual 2024 Edition*

TEAM QUALIFICATIONS

- Independent from the organization, CAE and IAF staff (no conflicts of interest)
- At least one member of the assessment team holds a Certified Internal Auditor® designation
- Experience with and knowledge of the Standards and leading internal audit practices
- The Lead Assessor has previous experience performing external quality assessments
- Completion of external quality assessment training recognized by The Institute of Internal Auditors
- Experience as a chief audit executive or comparable senior level of internal audit management
- Experience in the organization's industry or sector (direct or via other external quality assessments)

Overall Opinion as to Conformance with the *Standards*

The Office of the City Auditor (OCA) at the City of Edmonton Generally Achieves the *Global Internal Audit Standards (Standards)*. This level of achievement demonstrates a clear intent and commitment to achieving the Purpose of Internal Auditing and 15 Principles and conforming to the 52 Standards of the Global Internal Audit Standards.

A summary of achievement of the 15 Principles and conformance to the 52 individual Standards is provided on the Conformance Level by Domain pages of this report starting on the next page. A summary of observations pertaining to Successful Practices and Enhancement Opportunities are noted on page four and details start on page eleven. Upon issuance of this report, OCA may use the “Conformance” phrases permitted by the Standards in its audit reports, Charter and other practice materials.

The IIA *Quality Assessment Manual (2024 Edition)* suggests a scale of four ratings, “Full Achievement/Conformance, General Achievement/Conformance”, “Partial Achievement/Conformance”, and “Nonachievement/Nonconformance”. Achievement is used for the overall rating and to rate the Purpose of Internal Auditing contained in Domain I and each of the 15 Principles. Conformance is used to rate each of the 52 Standards. Detailed rating definitions and criteria for each of these ratings are noted in Appendix A.

Under the *Standards* (Standard 8.4), an External Quality Assessment (EQA) of an IAF must be conducted at least once every five years by a qualified, independent assessor or independent assessment team from outside the organization. IIA Quality Services was selected to conduct this assessment. This engagement’s Assessment Team is independent of the City of Edmonton and is qualified as defined in Standard 8.4. This External Quality Assessment was conducted virtually the week of December 15, 2025. Conclusions are as of December 19, 2025.

Future changes in external factors and actions taken by the City of Edmonton personnel, including actions taken to address our recommendations, may have an impact upon the operation of the OCA in a manner that the assessment team did not and cannot anticipate. Considerable professional judgment is involved in evaluating achievement/conformance to the *Standards* and developing recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions.

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Conformance Level – Domains II and III

Domain-II Ethics and Professionalism	Rating
1 - DEMONSTRATE INTEGRITY	FA
1.1 - Honesty and Professional Courage	FC
1.2 - Organization's Ethical Expectations	FC
1.3 - Legal and Ethical Behavior	FC
2 - MAINTAIN OBJECTIVITY	GA
2.1 - Individual Objectivity	FC
2.2 - Safeguarding Objectivity	FC
2.3 - Disclosing Impairments to Objectivity	GC
3 - DEMONSTRATE COMPETENCY	GA
3.1 – Competency	GC
3.2 - Continuing Professional Development	FC
4 - EXERCISE DUE PROFESSIONAL CARE	GA
4.1 - Conformance with Global Internal Audit Standards	GC
4.2 - Due Professional Care	GC
4.3 - Professional Skepticism	FC
5 - MAINTAIN CONFIDENTIALITY	FA
5.1 - Use of Information	FC
5.2 - Protection of Information	FC

Domain-III Governing the Internal Audit Function	Rating
6 - AUTHORIZED BY THE BOARD	FA
6.1 - Internal Audit Mandate	FC
6.2 - Internal Audit Charter	FC
6.3 - Board and Senior Management Support	FC
7 - POSITIONED INDEPENDENTLY	FA
7.1 - Organizational Independence	FC
7.2 - Chief Audit Executive Qualifications	FC
8 - OVERSEEN BY THE BOARD	FA
8.1 - Board Interaction	FC
8.2 – Resources	FC
8.3 – Quality	FC
8.4 - External Quality Assessment	FC

Rating Legend (see Appendix A for Definitions)	
FA/FC	Fully Achieves/Conforms
GA/GC	Generally Achieves/Conforms
PA/PC	Partially Achieves/Conforms
NA/NC	Nonachievement/Nonconformance

Note: Principles are rated with Achieves, Standards are rated using Conforms

Conformance Level – Domain IV and V

Domain-IV Managing Internal Audit Function	Rating
9 - PLAN STRATEGICALLY	GA
9.1 - Understanding Governance, Risk Management, and Control Processes	FC
9.2 - Internal Audit Strategy	FC
9.3 - Methodologies	GC
9.4 - Internal Audit Plan	GC
9.5 - Coordination and Reliance	GC
10 - MANAGE RESOURCES	FA
10.1 - Financial Resource Management	FC
10.2 - Human Resources Management	FC
10.3 - Technological Resources	FC
11 - COMMUNICATE EFFECTIVELY	GA
11.1 - Building Relationships and Communicating with Stakeholders	GC
11.2 - Effective Communication	FC
11.3 - Communicating Results	GC
11.4 - Errors and Omissions	GC
11.5 - Communicating the Acceptance of Risks	GC
12 - ENHANCE QUALITY	FA
12.1 - Internal Quality Assessment	FC
12.2 - Performance Measurement	FC
12.3 - Oversee and Improve Engagement Performance	FC

Domain-V Performing Internal Audit Services	Rating
13 - PLAN ENGAGEMENTS EFFECTIVELY	FA
13.1 - Engagement Communication	FC
13.2 - Engagement Risk Assessment	FC
13.3 - Engagement Objectives and Scope	FC
13.4 - Evaluation Criteria	FC
13.5 - Engagement Resources	FC
13.6 - Work Program	FC
14 - CONDUCT ENGAGEMENT WORK	FA
14.1 - Gathering Information for Analyses and Evaluation	FC
14.2 - Analyses and Potential Engagement Findings	FC
14.3 - Evaluation of Findings	FC
14.4 - Recommendations and Action Plans	FC
14.5 - Engagement Conclusions	FC
14.6 - Engagement Documentation	FC
15 - COMMUNICATE ENGAGEMENT RESULTS and MONITOR ACTION PLANS	FA
15.1 - Final Engagement Communication	FC
15.2 - Confirming the Implementation of Recommendations or Action Plans	FC

Successful Practices

#	STANDARD	OBSERVATION
SP1	Standard 1.1 Honesty and Professional Courage	The City Auditor has raised awareness of this new <i>Standard</i> and the importance of having courage. It is included as a knowledge area in the leadership competency framework with expected behaviours for the various staffing levels within the OCA. This knowledge area has been mapped to the OCA strategy and identifies key learning activities and opportunities. The demonstration of this behaviour was also recognized through interviews.
SP2	Standard 2.1 Individual Objectivity Standard 2.2 Safeguarding Objectivity	The OCA is committed to maintaining objectivity, ensuring internal auditors are impartial and unbiased. Staff confirm independence for each project and annually acknowledge compliance with <i>Standards'</i> requirements in their performance plans, while internal guidelines detail the process for managing conflicts of interest. Safeguarding objectivity is achieved through these systematic procedures.
SP3	Principle 5 – Maintain Confidentiality	The OCA demonstrates commitment to maintaining confidentiality and using information appropriately, with no reported incidents of improper use. This is reinforced as all employees acknowledge they have read and understand the Employee Code of Conduct, OCA Handbook, and <i>Standards</i> , and the OCA has a Records Management Guideline and data protection requirements in the agreement with its audit technology provider to ensure information protection.
SP4	Standard 6.1 Internal Audit Mandate Standard 6.2 Internal Audit Charter	The City Auditor has provided the Audit Committee with the information necessary to establish the OCA mandate. The mandate is reflected in the City Auditor Bylaws which includes the Internal Audit Charter. There are clear lines of reporting and accountability. Discussion and approval of the mandate and Charter is documented in the Audit Committee meeting minutes.
SP5	Standard 7.1 Organizational Independence	The City Auditor confirms annually to the Audit Committee the organizational independence of the OCA. The City Auditor has documented in the Internal Audit Charter the reporting relationships and organizational positioning of the OCA. The Audit Committee provides the City Auditor with opportunities to discuss significant and sensitive matters with the Audit Committee, including in private meetings without Administration present.
SP6	Standard 9.2 Internal Audit Strategy	The City Auditor has developed and implemented an effective long-term strategy for the OCA that supports the strategic objectives and success of the organization and aligns with the expectations of the Council, Administration, and other key stakeholders. The process for developing the strategy is robust and includes a refresh every 4 years.

Successful Practices

#	STANDARD	OBSERVATION
SP7	Standard 9.4 Internal Audit Plan	<p>The City Auditor has created an annual plan that supports the achievement of the organization's objectives. The annual planning process is developed in consultation with various stakeholders including the Audit Committee and management. It is informed by various corporate and branch risks and includes a comprehensive audit universe. Resource management is robust.</p> <p>While the primary focus of the OCA is on assurance engagements, the OCA does conduct some advisory work. The advisory services engagement file reviewed as part of this EQA resulted in value-add considerations for management. Advisory services demonstrate the range of services provided and generally increase collaboration and trust between audit functions and management</p>
SP8	Principle 12 Enhance Quality	<p>The City Auditor effectively champions quality enhancement by ensuring the internal audit function conforms with the <i>Standards</i> and is committed to continuous performance improvement. A robust framework for internal quality assessment is in place, featuring ongoing monitoring and periodic self-assessments, with a commitment to communicating results to the Board and senior management</p>
SP9	<p>Principle 13 Plan Engagement Effectively</p> <p>Principle 14 Conduct Engagement Work</p>	<p>The OCA follows a systematic, risk-based approach to audit planning and resource allocation, ensuring that objectives and potential fraud risks are clearly incorporated into audits. By adhering to <i>Standards</i>, the OCA maintains a structured process for evidence gathering, data analysis, and collaborative reporting with management. All findings are supported by comprehensive documentation that is retained in accordance with the City's official records retention policies</p>
SP10	Standard 15.1 Final Engagement Communication	<p>The Office of City Auditor communicates the engagement results to the appropriate parties and monitors management's progress toward the implementation of recommendations or action plans. The engagement reports are clear and of high quality.</p>

Enhancement Opportunities

#	STANDARD	OBSERVATION	MANAGEMENT RESPONSE
EO1	<p>11.1 Building Relationships and Communicating with Stakeholders</p> <p>9.4 Internal Audit Plan</p> <p>4.2 Due Professional Care</p>	<p>In developing the Annual Work Plan, the OCA leverages several risk analysis tools (e.g., branch registers, enterprise risk assessment) in identifying priority engagements. Stakeholder feedback indicates a lack of clarity regarding the process used to identify how auditable areas are included in the audit plan.</p> <p>Recommendation: To help strengthen the relationship with the Executive Team, improve the transparency and understanding of the annual planning process with the Executive Leadership Team. Consider the creation of a risk assessment matrix that includes various risk factors, criteria, and appropriate weightings. These results will provide the Executive Leadership Team with additional clarity on how audits were selected</p>	<p>The OCA accepts this recommendation and commits to the following actions:</p> <p>The OCA will revise its annual planning process to improve transparency. Key enhancements will include: Developing a risk matrix. Seeking input on the annual planning process from the City Manager and Deputy City Managers. Clearly disclosing the rationale for the audits selected for the 2027 Annual Work Plan with the Executive Leadership Team.</p> <p>Implementation Date: December 31, 2026.</p>

Appendix A

Achievement/Conformance Rating Criteria



Achievement/Conformance Rating Criteria

Quality Rating	For Conclusions on Achieving Overall Conformance	For Conclusions on Achieving Each Principle	For Conclusions on Conforming with Each Standards
Full Achievement (or Conformance)	The internal audit function is fully achieving all 15 Principles and the Purpose of Internal Auditing.	The internal audit function is fully achieving all the standards related to the Principle and the Principle's intent.	The internal audit function is fully conforming with all requirements of the Standard and the Standard's intent.
General Achievement (or General Conformance)	The internal audit function is not fully achieving at least one Principle or aspect of Domain I but is achieving the Purpose of Internal Auditing.	The internal audit function is not fully achieving at least one Standard but is achieving the Principle's intent.	The internal audit function is not fully conforming with at least one requirement but is achieving the Standard's intent.
Partial Achievement (or Partial Conformance)	The internal audit function is not fully achieving at least one Principle or aspect of Domain I, and the impact is significant enough to rate the function's overall achievement as partially achieving. <i>The CAE may not include in final reports that engagements were performed in conformance with the Standards if the Overall Achievement Conclusion is Partial Achievement.</i>	The internal audit function is not fully conforming with at least one Standard, and the impact is significant enough to rate the function as partially achieving the Principle's intent.	The internal audit function is not fully conforming with at least one requirement, and the impact is significant enough to rate conformance with the Standard as partially conforming with the Standard's intent.
Nonachievement (or Nonconformance)	The internal audit function is not fully achieving at least one Principle and the impact is significant enough to rate the function's overall achievement as not achieving.	The internal audit function is not fully conforming with at least one Standard, and the impact is significant enough to rate the function as not achieving the Principle's intent.	The internal audit function is not fully conforming with at least one requirement, and the impact is significant enough to rate conformance with the Standard as not achieving the Standard's intent.

Appendix B

Acronyms



List of Acronyms

ACRONYM	DESCRIPTION
CAE	Chief Audit Executive
CPE	Continuing Professional Education
EQA	External Quality Assessment
IAF	Internal Audit Function
IIA	The Institute of Internal Auditors
IT	Information Technology
OCA	Office of the City Auditor
QAIP	Quality Assurance and Improvement Program
<i>Quality Assessment Manual</i>	<i>Quality Assessment Manual 2024 Edition</i>
<i>Standards</i>	<i>Global Internal Audit Standards (effective January 9, 2025)</i>
SWOT	Strengths, Weaknesses, Opportunities, and Threats



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