

Internal Audit Quality Assessment Presented to:

CITY OF CALGARY

May 26, 2022

CITY OF CALGARY

City Auditor's Office Internal Audit

It is our overall opinion that Internal Audit Generally Conforms with the *Standards* and the IIA Code of Ethics.

This level of conformance demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing

Governance	
Standard	Rating
1000	GC
1100	GC
1300	GC
Code of Ethics	GC

Staff	
Standard	Rating
1200	GC

Management	
Standard	Rating
2000	GC
2100	GC
2450	GC
2600	GC

Process	
Standard	Rating
2200	GC
2300	GC
2400	GC
2500	GC

Thank you for the opportunity to be of service to Internal Audit. We will be pleased to respond to further questions concerning this report and furnish any desired information.



Elaine Maheu

Elaine Maheu, CIA, CPA, CA
Team Leader
IIA Quality Services, LLC

Bill Radish

Bill Radish
Director, Quality Services
IIA Quality Services, LLC

Team Members:

Andy Tsang, CIA, CPA, CMA, CFE



IIA
Quality
Services, LLC

Table of Contents

	Page
List of Acronyms	4
Executive Summary <ul style="list-style-type: none"> • Opinion as to Conformance with the <i>Standards</i> and the IIA Code of Ethics • Objectives / Scope / Methodology • Quality Assessment Process Map • Observations Specific to the Audit Committee and Internal Audit • <i>Standards</i> and IIA Code of Ethics Conformance Summary 	5
Successful Internal Audit Practices Noted - Detail	15
Gaps to Conformance with the <i>Standards</i> Noted - Detail	20
Opportunities for Continuous Improvement Noted - Detail	21
Attachment A <ul style="list-style-type: none"> • Conformance Rating Criteria 	25
Attachment B <ul style="list-style-type: none"> • Stakeholder Feedback 	26
Attachment C <ul style="list-style-type: none"> • Employee Feedback – Internal Audit Staff Survey Results 	31



List of Acronyms

Acronym	Description
CAO	The City Auditor's Office
Core Principles	Core Principles for the Professional Practice of Internal Auditing
EQA	External Quality Assessment
IRM	Integrated Risk Management
IIA	The Institute of Internal Auditors
Internal Audit (IA)	Internal Audit Activity
IPPF	International Professional Practices Framework
IT	Information Technology
QAIP	Quality Assurance and Improvement Program
<i>Standards</i>	<i>International Standards for the Professional Practice of Internal Auditing</i>
CAATs	Computer-Assisted Audit Techniques



IIA
Quality
Services, LLC

Executive Summary



IIA
Quality
Services, LLC

Executive Summary

Observations Specific to Internal Audit

Overall

The City Auditor's Office (CAO) generally conforms with the *Standards* and the IIA Code of Ethics. This level of conformance demonstrates a clear intent and commitment to achieving the Core Principles and the Definition of Internal Auditing. The CAO operates in a very dynamic environment with changing and emerging risks. They have an ability to adapt and be responsive to change. Enabling them to leverage the insight on risks from the IRM group will be critical to their success and value to the organization in the future. The City Auditor has established a Quality Assurance and Improvement Program ("QAIP") that demonstrates a commitment to continuous improvement and alignment with the *Standards* and the IIA Code of Ethics. The CAO is a critical component of the governance structure, and they appropriately monitor the effectiveness of risk management and control activities. Results of interviews and surveys of key stakeholders indicate that the CAO is highly valued by the Audit Committee and senior management.

Attribute Standards

Internal Audit has the infrastructure in place to support sustainability of internal audit processes in a quality and consistent manner. The Internal Audit Charter (Bylaw) is comprehensive and is foundational to all their activities. The functional and administrative reporting relationships support organizational independence and objectivity. The Audit Committee Charter reflects oversight of the CAO in a manner consistent with current practice. Independence and objectivity of the CAO management and staff is supported by language in the CAO Charter and the Internal Audit Manual. The CAO management and staff collectively possess the knowledge, skills, and other competencies necessary to demonstrate professional proficiency. Work is performed with due professional care that includes an appropriate level of supervisory review and approval. The CAO is embracing the use of Computer-Assisted Audit Techniques ("CAATs") to support risk assessment, planning, and continuous monitoring activities. Training and professional development processes support proficiency of CAO management and staff. The City Auditor has established a QAIP that demonstrates a commitment to continuous improvement and alignment with the *Standards* and the IIA Code of Ethics. The QAIP is documented in a manner that supports consistency, quality, and sustainability of its execution. Ongoing monitoring of CAO performance takes place to ensure quality on an audit-by-audit basis. Periodic internal assessment to evaluate conformance with the *Standards* and the IIA Code of Ethics in periods between external assessments have been established. Results of the QAIP are communicated to senior management and the Audit Committee in a manner consistent with requirements.

Executive Summary

Observations Specific to Internal Audit

Performance Standards

The CAO is managed effectively – processes and procedures support consistency, quality, and sustainability. The CAO updates the Internal Audit strategic plan that supports the very dynamic nature of the organization and that guides the activities of the CAO in a proactive, thoughtful, systematic, and practical manner. The annual audit plan is supported by a risk assessment process that incorporates input from Internal Audit stakeholders, including the Audit Committee. Further alignment and leveraging of information from the Service Risk Registers will ensure a consistent entity-wide view of risk. The CAO resources and skill sets appear appropriate to meet annual audit plan objectives and risks. Documentation of policies and procedures for the CAO infrastructure and key processes support consistency, quality, and sustainability. Periodic reports to the Audit Committee are of a very good quality and appropriately communicate the CAO activities. Engagement level planning is supported by engagement level risk assessment to focus audit activities. Objectives evaluate technology, operational, financial, and compliance components as appropriate for individual engagements. Individual audits are of a consistent high quality and work papers fully support reported findings. Audit reports are consistent with the underlying work product and focus the reader on those areas of highest relevance. There is a follow-up process in place that tracks audit issues through to resolution.

Executive Summary

Under the *International Standards for the Professional Practice of Internal Auditing* (“Standards”), an external quality assessment (“EQA”) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessment team who performed this EQA demonstrated competence in both the professional practice of internal auditing and the EQA process as required by the *Standards*. The CITY OF CALGARY internal audit activity (“Internal Audit”), in consultation with the Audit Committee, selected the Institute of Internal Auditors (“IIA”) Quality Services, LLC to lead their review. The onsite portion of the EQA took place during the week of May 2nd 2022, and the final conclusions made by the independent assessment team were as of MAY 6th – the last date of the onsite portion of the EQA. Future changes in environmental factors and actions taken by personnel, including actions taken to address recommendations, may have an impact upon the operation of Internal Audit in a manner that this report did not and cannot anticipate. Considerable professional judgment is involved in evaluating the findings and developing recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions.

Opinion as to Conformance with the Standards and the IIA Code of Ethics

It is our overall opinion that Internal Audit generally conforms with the Standards and the IIA Code of Ethics. This level of conformance demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing (“Core Principles”) and the Definition of Internal Auditing. A detailed list of conformance to individual *Standards* and the IIA Code of Ethics is shown on page 7 of this report. Upon issuance of this report, Internal Audit may use the terms “Conforms with the *International Standards for the Professional Practice of Internal Auditing*” or “Conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*”.

The IIA’s *Quality Assessment Manual* suggests a scale of three ratings, “generally conforms,” “partially conforms,” and “does not conform.” “Generally Conforms” is the top rating and means the assessor or assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the *Standards* and the IIA Code of Ethics in all material respects. Detailed definitions for rating criteria associated with “Generally Conforms”, “Partially Conforms”, and “Does Not Conform” are described in Attachment A found on page 25 of this report and are consistent with the guidance provided by the IIA in their *Quality Assessment Manual*.

Objectives of the EQA

The principal objectives of the EQA were to (1) assess Internal Audit conformance with the *Standards* and the IIA Code of Ethics; (2) assess the effectiveness of Internal Audit in providing assurance and advisory services to the Audit Committee, senior stakeholders within the CITY OF CALGARY, and other interested parties; and (3) identify opportunities, offer recommendations for improvement, and provide counsel to Internal Audit for improving their performance and services and promoting their image and credibility.

Executive Summary

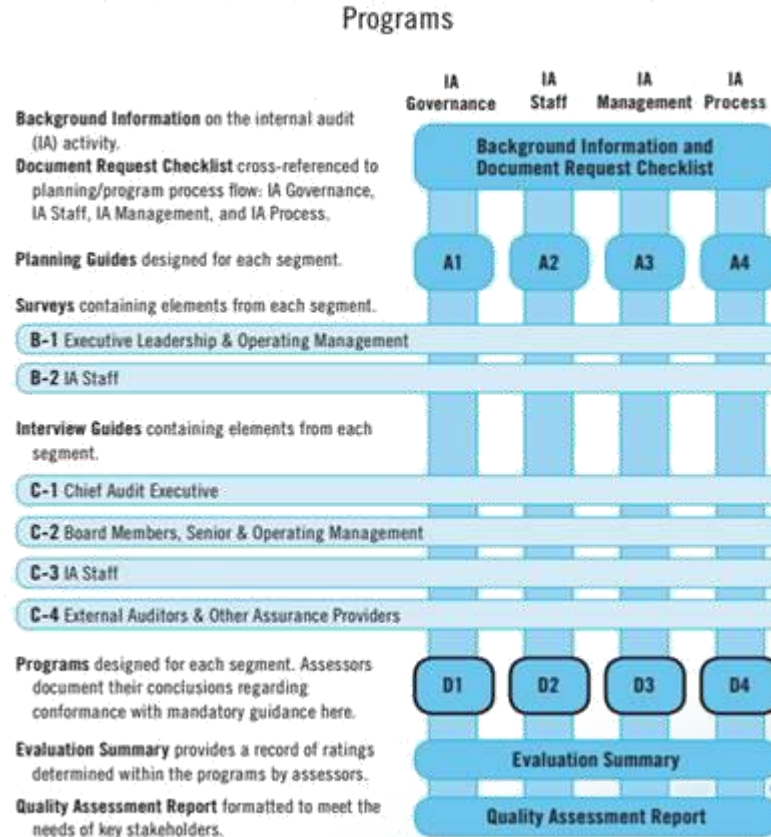
Scope of the EQA

The scope of the EQA included Internal Audit, as set forth in the Internal Audit Charter (Bylaws) approved by City Council. The Internal Audit Charter defines the purpose, authority, responsibility, and accountability of Internal Audit.

Methodology of the EQA

To accomplish the objectives, the independent assessment team reviewed information prepared by the CAO at the team’s request; conducted interviews with selected key CAO stakeholders including the Audit Committee chair, senior executives of the CITY OF CALGARY, the external auditors, and Internal Audit management; reviewed a sample of audit projects and associated work papers and reports; reviewed survey data received from the CITY OF CALGARY executives and management and CAO management and staff; reviewed benchmark data; and prepared diagnostic tools consistent with the methodology established for an EQA in the IIA *Quality Assessment Manual*.

QUALITY ASSESSMENT PROCESS MAP



Executive Summary

Standards and the IIA Code of Ethics Conformance Summary

	GC	PC	DNC
OVERALL	GC	PC	DNC

ATTRIBUTE STANDARDS		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	GC		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	GC		
1100	Independence and Objectivity	GC		
1110	Organizational Independence	GC		
1111	Direct Interaction with the Board	GC		
1112	Chief Audit Executive Roles Beyond Internal Auditing	GC		
1120	Individual Objectivity	GC		
1130	Impairments to Independence or Objectivity	GC		
1200	Proficiency and Due Professional Care	GC		
1210	Proficiency	GC		
1220	Due Professional Care	GC		
1230	Continuing Professional Development	GC		
1300	Quality Assurance and Improvement Program	GC		
1310	Requirements of the Quality Assurance and Improvement Program	GC		
1311	Internal Assessments	GC		
1312	External Assessments	GC		
1320	Reporting on the Quality Assurance and Improvement Program	GC		
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	GC		
1322	Disclosure of Nonconformance	GC		

PERFORMANCE STANDARDS		GC	PC	DNC
2000	Managing the Internal Audit Activity	GC		
2010	Planning	GC		
2020	Communication and Approval	GC		
2030	Resource Management	GC		
2040	Policies and Procedures	GC		
2050	Coordination and Reliance	GC		

		GC	PC	DNC
2060	Reporting to Senior Management and the Board	GC		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	GC		
2100	Nature of Work	GC		
2110	Governance	GC		
2120	Risk Management	GC		
2130	Control	GC		
2200	Engagement Planning	GC		
2201	Planning Considerations	GC		
2210	Engagement Objectives	GC		
2220	Engagement Scope	GC		
2230	Engagement Resource Allocation	GC		
2240	Engagement Work Programs	GC		
2300	Performing the Engagement	GC		
2310	Identifying Information	GC		
2320	Analysis and Evaluation	GC		
2330	Documenting Information	GC		
2340	Engagement Supervision	GC		
2400	Communicating Results	GC		
2410	Criteria for Communicating	GC		
2420	Quality of Communications	GC		
2421	Errors and Omissions	GC		
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	GC		
2431	Engagement Disclosure of Nonconformance	GC		
2440	Disseminating Results	GC		
2450	Overall Opinions	N/A		
2500	Monitoring Progress	GC		
2600	Communicating the Acceptance of Risks	GC		
IIA CODE OF ETHICS		GC		



IIA
Quality
Services, LLC

Executive Summary

Key Observations

The independent assessment team identified eleven areas where the CAO is operating in a successful internal audit practice manner, no gaps to conformance with the *Standards*, and three opportunities for continuous improvement to enhance efficiency and effectiveness of CAO processes or infrastructure. Detailed observations, recommendations, and CAO responses to opportunities for continuous improvement are included in the following section of this report.

Successful Internal Audit Practices Noted

<i>Standard 1111</i>	Direct Interaction with the Board – There is an appropriate and high level of interaction between the City Auditor and the Audit Committee.
<i>Standard 1210</i>	Proficiency – CAO staff are highly qualified, credentialed and experienced, and collectively possess the skills required to perform audit responsibilities. CAO staff relationships with their clients are collaborative.
<i>Standard 1220</i>	Due Professional Care – CAO staff effectively use technology. Electronic work paper software (TeamMate) has embedded control tools to ensure engagements are planned and executed consistent with the defined methodology and that all required elements are considered.
<i>Standard 1230</i>	Continuing Professional Development – CAO staff make ample use of the ample opportunities to enhance their knowledge, skills and competencies through continuing professional development.

Executive Summary

Key Observations

Successful Internal Audit Practices Noted

Standard 1311	Quality Assurance and Improvement Program (QAIP), Ongoing Internal Assessments – Key aspects of the ongoing internal assessments of the QAIP program are built into the engagement processes.
Standard 2010	Internal Audit Annual Plan – The annual plan is consultative, incorporating input from senior management and the Audit Committee.
Standard 2060	Reporting to Senior Management and the Board – CAO written reports to the Audit Committee are thorough and well done.
Standard 2201	Planning Considerations – CAO has established a rigorous engagement planning process to focus audits in areas of highest risk and impact.
Standard 2320	Analysis and Evaluation – A practice of Continuous Auditing is being established. Computer-Assisted Audit Techniques (CAATs) are being used in the engagement process.
Standard 2330	Documenting Information – Work papers for individual audit engagements were documented in a complete and high-quality manner.
Standard 2420	Quality of Communications – Audit reports are objective, clear and constructive.

Executive Summary

Key Observations

Gaps to Conformance with the *Standards* Noted

None Noted.

Opportunities for Improvement

<i>Standard 1300</i>	<i>QAIP – IA Maturity</i> – Consider building on the self-assessment done by the CAO against a maturity scale.
<i>Standard 2050</i>	<i>Coordination and Reliance</i> – Develop an assurance map of coverage across the organization of all internal and external assurance providers. Introduce the concept of the Three Lines of Defense, identify the players and their roles and indicate previous and planned coverage.
<i>Standard 2120</i>	<i>Risk Management</i> – Formally incorporate the outputs of the City’s IRM process (Service Risk Registers) into the development of the Annual Audit Plan. Formal integration of the full range of IRM outputs supports an entity-wide view of risk, as well as supporting efficient use of City information on risks and associated controls.

Detailed Observations



IIA
Quality
Services, LLC

Successful Internal Audit Practices Noted -- Detail

Successful Internal Audit Practice	Description
<p><i>Standard 1111 Direct Interaction with the Board</i> – There is an appropriate and high level of interaction between Internal Audit and the Audit Committee.</p>	<p>Interaction with the City Auditor takes place formally during Audit Committee meetings and informally through update meetings with the Audit Committee chair before each meeting and more frequently as necessary. Language in the Internal Audit Charter (Bylaws) makes clear that the CAO have full, free, and unrestricted access to the Audit Committee. Frequent and direct interaction between CAO management and the Audit Committee is a successful Internal Audit practice that supports the fiduciary oversight responsibility of the Audit Committee.</p>

Successful Internal Audit Practices Noted -- Detail

Successful Internal Audit Practice	Description
<p>Standard 1210 Proficiency – CAO staff are highly qualified, credentialed and experienced, and collectively possess the skills required to perform audit responsibilities.</p>	<p>There is a good blend of skills from a technical, financial, and operational perspective and a high percentage of individuals have professional certifications including the CIA, CISA, CPA, or CFE. Proficiency is supported by a commitment to training and professional development. CAO skill sets clearly align with annual audit plan objectives and requirements.</p> <p>CAO staff relationships are collaborative.</p>
<p>Standard 1220 Due Professional Care – CAO staff apply the care and skill expected of a reasonably prudent and competent internal auditor</p>	<p>CAO staff effectively use electronic work paper software (TeamMate) to complete its engagements. The CAO has control tools embedded in the software (i.e., templates and checklists) to ensure the engagements are planned executed consistent with the defined methodology and that all required elements are considered.</p> <p>CAO staff embrace Computer Assisted Audit Techniques (CAATs) and tools for data analytics to ensure efficiency and effectiveness of Internal Audit risk assessment, planning, and engagement execution processes.</p>
<p>Standard 1230 Continuing Professional Development – CAO staff enhance their knowledge, skills and competencies through continuing PD</p>	<p>There is ample opportunity to enhance their knowledge, skills and competencies through continuing professional development. The auditors make use of these opportunities.</p>

Successful Internal Audit Practices Noted – Detail

Successful Internal Audit Practice	Description
<p>Standard 1311 – Quality Assurance and Improvement Program (QAIP) – Internal Periodic and Ongoing Assessments</p>	<p>Key aspects of the ongoing internal assessments of the QAIP program are built into the engagement processes.</p> <p>Working paper files are reviewed by managers and approvals are built into the electronic working paper software. Checklists and templates ensure performance of engagement-level standards. Staff is supervised and work is monitored as evidenced in working paper files.</p> <p>The <i>Standards</i> are mapped to the QAIP.</p>
<p>Standard 2010 Planning – The Internal Audit Plan – The CAO establishes a risk-based plan to determine the priorities of Internal Audit.</p>	<p>The annual plan is risk-based and incorporates input from senior management and the Audit Committee. It provides good coverage of governance, risk management and controls, thus adding value.</p>
<p>Standard 2060 - Reporting to Senior Management and the Board – CAO written reports to the Audit Committee are thorough and well done.</p>	<p>Quarterly reports to the Audit Committee are of a high quality and provide senior management and the Committee with appropriate information to support their responsibilities. The reporting package summarizes CAO activities including Internal Audit plan status, reports issued in the current period, the KPIs and other CAO organizational matters. Content of reports to the Audit Committee are insightful and meaningful. Presentations make good use of graphics to communicate results in a meaningful manner.</p>

Successful Internal Audit Practices Noted – Detail

Successful Internal Audit Practice	Description
<p>Standard 2201 Planning Considerations – The CAO has established a rigorous engagement planning process to focus audits in areas of highest risk and impact.</p>	<p>Engagement planning is supported by a risk assessment process with input from key stakeholders to align the work program with defined objectives and scope. The CAO specifically evaluates technology risk, compliance and regulatory risk, and financial risk as part of the process. Fraud risk is incorporated into the process. The CAO consistently uses a risk and control matrix to provide structure to the process. Management input and concerns are documented and considered during refinement of engagement scope and objectives. There is an appropriate level of supervisory review and approval embedded within the process. Planning checklists and templates support planning activities.</p>
<p>Standard 2320 Analysis and Evaluation – A practice of Continuous Auditing is being established. Computer-Assisted Audit Techniques (CAATs) are being used in the engagement process.</p>	<p>The CAO is in the process of establishing a Continuous Auditing practice with dedicated staff.</p> <p>The CAO embraces Computer Assisted Audit Techniques (CAATs) and tools for data analytics to ensure efficiency and effectiveness of its risk assessment, planning, and engagement execution processes.</p>

Successful Internal Audit Practices Noted – Detail

Successful Internal Audit Practice	Description
<p>Standard 2330 Documenting Information – Work papers for individual audit engagements were documented in a complete and high-quality manner.</p>	<p>Observations communicated to senior management and the Audit Committee were fully supported and linked to the underlying work papers. Documentation of information within the work papers – including planning, work programs, and supervisory review and approval – was maintained across the projects reviewed and in conformance with the defined methodology. Opening and closing meeting materials were thorough and included an excellent snapshot of the scope and results of engagements. Significant client communications were routinely included and there was appropriate evidence for supervisory review and approval of all work performed. The use of checklists and templates as a component of the internal monitoring of performance component of the QAIP supports and promotes the effectiveness and overall quality of work papers.</p>
<p>Standard 2420 Quality of Communications – The CAO prepare good quality audit reports.</p>	<p>Audit reports are objective, clear and constructive. The importance of the issues is conveyed. Management’s action plans and responses are included in the reports.</p>

Gap to Conformance with the *Standards* Noted –Detail

Gap to Conformance with the <i>Standards</i>	CAO Response
None noted.	

Opportunities for Continuous Improvement Noted – Detail

Opportunity for Continuous Improvement	CAO Response
<p>Standard 1300 – Build on the Self- Assessment of Maturity of the Internal Audit Function – Consider building on the self-assessment done by the CAO against a maturity scale.</p> <p>Having attained the overall assessment opinion of "Generally Conforms" to Standards, the CAO now has an opportunity to consider in what additional areas they might wish to go beyond conformance in provision of their services. There are a number of generally accepted scales or frameworks suitable for measuring internal audit maturity. Plotting CAO operations against a maturity scale could provide a valuable perspective on new opportunities for improvement allowing the City Auditor and Audit Committee to choose those that could be advantageous for the City of Calgary.</p>	<p>Agreed.</p> <p>The CAO will complete a maturity self-assessment and discuss the results with Audit Committee in the second half of 2022 to provide the City Auditor with an additional perspective as to future CAO opportunities for improvement in 2023 and beyond.</p>



IIA
 Quality
 Services, LLC

Opportunities for Continuous Improvement Noted – Detail

Opportunity for Continuous Improvement	CAO Response
<p>Standard 2050 – Coordination and Reliance –Develop an assurance map of coverage across the organization of all internal and external assurance providers. Introduce the concept of the Three Lines of Defense, identify the players and their roles and indicate previous and planned coverage.</p> <p>Describing coverage using an assurance map is a successful internal audit practice that highlights the different roles between the CAO as a third line of defense activity and other providers of assurance that comprise the first and second lines of defense within the organization. In addition, all second line of assurance functions should be periodically reviewed by the CAO to determine the effectiveness of their assurance activities. An assurance map typically describes coverage related to the most significant entity-level risks identified during the ERM process within the organization. The assurance map should also align engagements performed by the CAO with the entity-wide view of risk.</p> <p>This Standard requires the City Auditor to share information and coordinate activities with other providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts. In the City, this is an ad hoc process that usually focuses on relationships with the external auditor and the IRM team. To a much lesser extent, it focuses on assurance activities within the organization.</p> <p>This mapping would fully support the CAO’s annual risk assessment process and effectively identify responsibility and accountability for assurance related activities to the group most suited to the review while providing a clear and transparent communication mechanism between the various providers of assurance services.</p> <p>Refer to IIA Practice Guides: <i>“The Three Lines of Defense in Effective Risk Management and Control”</i>, <i>“Internal Audit and the Second Line of Defense”</i>, and <i>“Coordination and Reliance: Developing an Assurance Map”</i>.</p>	<p>Agreed.</p> <p>The CAO will start compiling an assurance map as a key 2023 initiative.</p>

Opportunities for Continuous Improvement Noted – Detail

Opportunity for Continuous Improvement	CAO Response
<p>Standard 2120 – Risk Management – Formally incorporate the outputs of the City’s IRM process (Service Risk Registers) into the development of the Annual Audit Plan. The City Auditor does not currently formally receive all outputs (Service Risk Registers) from the City’s IRM process. The City Auditor incorporates the City’s publicly reported Principle Corporate Risks as inputs into the Annual Audit planning process, and additionally uses individual Service Risk Registers in conversations with Business Units regarding the potential risk-based scope of individual audits, where these are made available by Business Unit Directors. However, there is no formal process to support the provision of all Service Risk Registers to the City Auditor’s Office to incorporate into the development of the Annual Audit Plan. Formally integrating the outputs from the IRM process into the audit planning process supports increased efficiency and effectiveness through sharing of existing information, and alignment of assessment of risk across the City’s audit universe.</p>	<p>Agreed.</p> <p>The City Auditor will continue to engage in discussion with City of Calgary IRM as to the most appropriate way to access the Service Risk Registers to best support on-going efficiency and effectiveness of risk analysis.</p>

Attachments



IIA
Quality
Services, LLC

Attachment A

Conformance Rating Criteria

GC – “Generally Conforms” means the assessor has concluded the following:

- For individual standards, the internal audit activity conforms to the requirements of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects.
- For the sections (Attribute and Performance) and major categories (e.g., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual standards and/or elements of the IIA Code of Ethics, and at least partial conformity to others, within the section/category.
- For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the *Standards* or the IIA Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

PC – “Partially Conforms” means the assessor has concluded the following:

- For individual standards, the internal audit activity is making good faith efforts to conform to the requirements of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or element of the IIA Code of Ethics (both Principles and Rules of Conduct) but falls short of achieving some major objectives.
- For the sections (Attribute and Performance) and major categories (e.g., 1000, 1100, 2000, 2100, etc.), the internal audit activity partially achieves conformance with a majority of the individual standards within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be significant opportunities for improvement in effectively applying the *Standards* or IIA Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means the assessor has concluded the following:

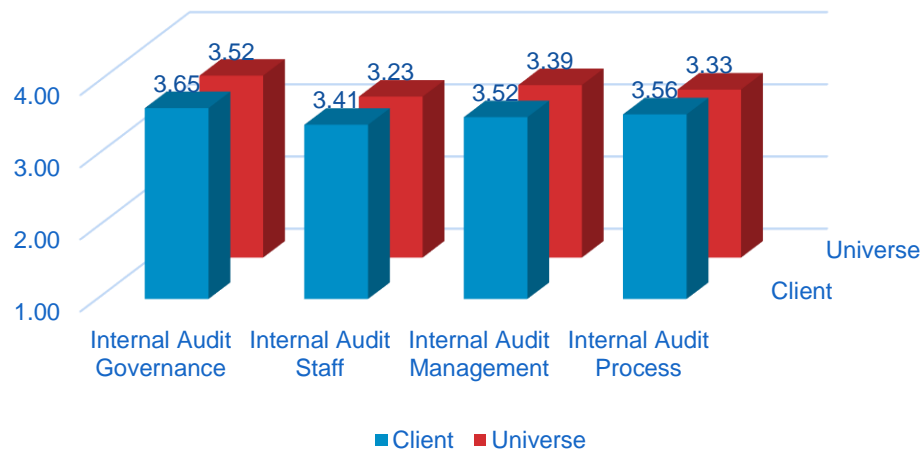
- For individual standards, the internal audit activity is not aware of, is not making good faith efforts to conform to, or is failing to achieve many/all of the objectives of the standard (e.g., 1000, 1010, 2000, 2010, etc.) and/or elements of the IIA Code of Ethics (both Principles and Rules of Conduct).
- For the sections (Attribute and Performance) and major categories (e.g., 1000, 1100, 2000, 2100, etc.), the internal audit activity does not achieve conformance with a majority of the individual standards within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be deficiencies that will usually have a significant negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Attachment B

Stakeholder Feedback - Survey Results (Summary)

Results of stakeholder surveys were very favorable. When compared to IIA’s historical data, the City consistently scored higher than the average.

Stakeholder Survey



	Client	Universe
Internal Audit Governance	3.65	3.52
Internal Audit Staff	3.41	3.23
Internal Audit Management	3.52	3.39
Internal Audit Process	3.56	3.33

Client = Weighted average of all City of Calgary stakeholder respondents.

Universe = Weighted average of all respondents for all organizations completing survey since May 2013.

4.00 = Strongly Agree

2.00 = Disagree

0.00 = Don't Know / No Response

3.00 = Agree

1.00 = Strongly Disagree



IIA
Quality
Services, LLC

Attachment B

Stakeholder Feedback - Client Survey Results (Detail)

Internal Audit Governance	Ave	Univ
IA activity personnel respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	3.73	3.70
IA activity personnel exhibit the highest level of professional objectivity in performing their work, making a balanced assessment of all relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.	3.64	3.47
The IA activity is perceived as adding value and helping our organization accomplish its objectives.	3.54	3.35
The integrity of the IA activity establishes confidence, providing the basis for their role as trusted advisor within our organization.	3.73	3.43
Organizational placement of the IA activity ensures its independence and ability to fulfill its responsibilities.	3.62	3.56
IA activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	3.62	3.62
	3.65	3.52

LEGEND

Ave = Weighted average of all respondents for the City of Calgary stakeholders.

Univ = Weighted average of all respondents for all organizations completing survey since May 2013.

4.00 = Strongly Agree

2.00 = Disagree

0.00 = Don't Know / No Response

3.00 = Agree

1.00 = Strongly Disagree



IIA
Quality
Services, LLC

Attachment B

Stakeholder Feedback - Client Survey Results (Detail)

Internal Audit Staff	Ave	Univ
IA activity staff and management communicate effectively (oral, written, and presentations).	3.50	3.34
IA activity staff and management keep up to date with changes in my business, our industry and relevant regulatory issues.	3.47	3.22
IA activity staff display adequate knowledge of my business processes including critical success factors.	3.27	3.14
IA activity staff exhibit effective problem identification and solution skills.	3.38	3.23
IA activity management demonstrate effective conflict resolution and negotiating skills.	3.53	3.27
The IA activity is viewed as viable source of talented individuals who could successfully transfer to other parts of our organization.	3.33	3.19
	3.41	3.23



IIA
Quality
Services, LLC

Attachment B

Stakeholder Feedback - Client Survey Results (Detail)

Internal Audit Management	Ave	Univ
Internal audit activity management communicates effectively (oral, written, and presentations).	3.52	3.37
Internal audit activity management keeps up to date with changes in my business, our industry, and relevant regulatory issues.	3.29	3.23
The IA activity establishes annual audit plans to assess areas or topics that are significant to our organization and consistent with our organizational goals.	3.60	3.44
The IA activity sufficiently communicates its audit plans to management of areas being reviewed. This includes descriptions of audit objectives and scope of review.	3.57	3.42
The IA activity effectively promotes appropriate ethics and values within our organization.	3.68	3.55
The IA activity adequately assesses the effectiveness of risk management processes employed by management to achieve objectives.	3.45	3.33
	3.52	3.39

Attachment B

Stakeholder Feedback - Client Survey Results (Detail)

Internal Audit Process	Ave	Univ
The IA activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	3.58	3.37
The IA activity exhibits proficient project management and organizational skills to assure the timely completion of their audit engagements.	3.64	3.30
The IA activity demonstrates sufficient knowledge of key information technology risks and controls in performing its audit engagements.	3.33	3.28
The IA activity demonstrates sufficient knowledge of fraud to identify "red flags" indicating possible fraud when planning its audit engagements.	3.64	3.40
IA activity audit reports are accurate, objective, clear, concise, constructive, complete, and timely.	3.60	3.29
	3.56	3.33

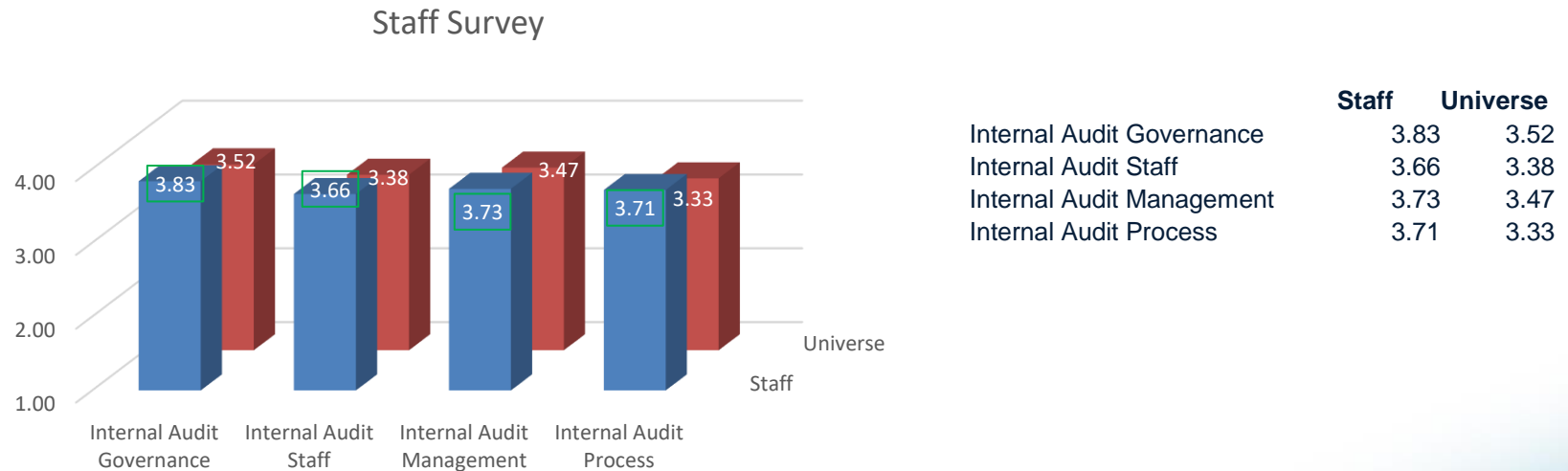


IIA
Quality
Services, LLC

Attachment C

Employee Feedback – CAO Staff Survey Results (Summary)

Results of staff surveys were very favorable. When compared to IIA’s historical data, the City consistently scored higher than the average.



Client = Weighted average of all CAO respondents.

Universe = Weighted average of all respondents for all organizations completing survey since May 2013.

4.00 = Strongly Agree

3.00 = Agree

2.00 = Disagree

1.00 = Strongly Disagree

0.00 = Don't Know / No Response



IIA
Quality
Services, LLC

Attachment C

Employee Feedback – CAO Staff Survey Results

Internal Audit Governance	Ave	Univ
Our internal audit activity is perceived as adding value and helping our organization accomplish its objectives.	3.88	3.47
Our internal audit activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	3.63	3.33
My chief audit executive effectively promotes the value of our internal audit activity within our organization.	3.88	3.64
Our internal audit activity staff is fully aware of, and completely conforms with, both the Principles and the Rules of Conduct that comprise the Code of Ethics established by The Institute of Internal Auditors (IIA).	3.88	3.59
Our internal audit activity staff is fully aware of, and completely conforms with, The IIA’s International Standards for the Professional Practice of Internal Auditing (Standards) relating to objectivity and due professional care and the Code of Ethics.	3.88	3.56
Our internal audit activity has a conflict of interest policy to report any perceived or actual issues that may have an influence on the independence and objectivity of the auditors.	4.00	3.53
	3.83	3.52

LEGEND

Ave = Weighted average of all CAO respondents.

Univ = Weighted average of all respondents for all organizations completing survey since May 2013.

4.00 = Strongly Agree

2.00 = Disagree

0.00 = Don't Know / No Response

3.00 = Agree

1.00 = Strongly Disagree



IIA
Quality
Services, LLC

Attachment C

Employee Feedback – CAO Staff Survey Results

Internal Audit Staff	Ave	Univ
IA activity staff and management communicate effectively (oral, written, and presentations).	3.71	3.43
Our audit assignments provide internal audit activity staff with opportunities to develop adequate knowledge of key business processes, including critical success factors.	3.71	3.46
I have sufficient knowledge of key IT risks and controls to perform my audit engagements.	3.43	3.20
I have sufficient knowledge of fraud to identify “red flags” indicating possible fraud when planning my audit engagements.	3.71	3.36
Our internal audit activity management provides me with ample opportunities to develop the skills and knowledge necessary to perform all of my audit engagements.	3.43	3.41
Our internal audit activity management provides me with ample opportunities to develop skills and knowledge and acquire experience that enable me to develop professionally and advance my career.	3.57	3.38
I have ample opportunity to enhance my knowledge, skills, and competencies through in-house training sessions and/or outside seminars.	3.71	3.39
My performance is reviewed on a regular and sufficiently frequent basis, the criteria used are adequate, and the reviews are meaningful and helpful.	3.71	3.32
Our internal audit activity management encourages and supports internal audit activity staff in demonstrating its proficiency by obtaining appropriate professional certifications such as designations offered by The IIA or other designations related to internal auditing.	4.00	3.54
Our internal audit activity is viewed as a valuable developmental assignment by individuals from other parts of our organization.	3.60	3.26
	3.66	3.38



IIA
Quality
Services, LLC

Attachment C

Employee Feedback – CAO Staff Survey Results

Internal Audit Management	Ave	Univ
Our internal audit activity management has established policies and procedures that clearly guide the operation of our internal audit activity.	3.86	3.49
Our internal audit activity actively encourages collaborative effort between internal audit management and staff to effectively complete our engagements in a timely manner.	4.00	3.47
Our internal audit activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	3.71	3.49
Our internal audit activity adequately assesses the effectiveness of risk management processes employed by management to achieve our organization's objectives.	3.57	3.40
Our internal audit activity effectively promotes appropriate ethics and values broadly across our total organization.	3.57	3.57
Our internal audit activity adequately assesses the effectiveness of governance processes, including ethics-related programs and activities.	3.67	3.42
	3.73	3.47

Attachment C

Employee Feedback – CAO Staff Survey Results

Internal Audit Process	Ave	Univ
The IA activity competently assesses the adequacy and effectiveness of our organization’s system of internal controls.	4.00	3.54
The IA activity exhibits proficient project management and organizational skills to assure the timely completion of their audit engagements.	3.57	3.17
The IA activity demonstrates sufficient knowledge of key information technology risks and controls in performing its audit engagements.	3.71	3.29
The IA activity demonstrates sufficient knowledge of fraud to identify “red flags” indicating possible fraud when planning its audit engagements.	3.71	3.29
IA activity audit reports are accurate, objective, clear, concise, constructive, complete, and timely.	3.57	3.35
	3.71	3.31



IIA
Quality
Services, LLC