

Clause 7 in Report No. 2 of Audit Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 29, 2017.

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Compliance with The Institute of Internal Auditors' (IIA)  
International Standards for the Professional Practice of Internal  
Auditing

Audit Committee recommends adoption of the following recommendation contained in the report dated April 10, 2017 from the Director of Audit Services:

1. Council receive this report for information.
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Report dated April 10, 2017 from the Director of Audit Services now follows:

1. Recommendations

It is recommended that this report be received for information.

2. Purpose

This report provides the results of the Audit Services Branch self-assessment and external verification on its compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing (The Standards)*.

3. Background

The Institute of Internal Auditors (IIA) is an international professional association of more than 185,000 members. Throughout the world, the IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.

Compliance with *The Standards* is required for internal audit organizations to claim and publicize in their reports that they perform audits in compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing*.

#### 4. Analysis and Implications

To establish whether an internal audit activity is in compliance with *The Standards*, the IIA introduced Standard 1300. The formal wording of this Standard is:

**1300 — Quality Assurance and Improvement Program**

*The chief audit executive should develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.*

Standard 1310 – Requirement of the Quality Assessment and Improvement Program must include both internal and external assessments.

Standard 1310 requires external assessments be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization.

York Region Audit Services Branch meets this external assessment standard through a self-assessment and verification by an external assessor. The York Region Audit Services Branch addressed each Standard independently and concluded we conformed to every Standard. To achieve the requirement for an independent quality assessment, Audit Services contracted one of our approved audit vendors to perform an independent validation of our self-assessment and our plans to achieve conformance when partial or non-conformance was noted. As part of their role, they reviewed the supporting documents on how Audit Services achieves conformance to the Standard being addressed, examined samples of Audit Services documents to substantiate claims, and interviewed the appropriate individuals. From this independent validation, the approved audit vendor, Brook Laker, was able to form an opinion on whether, on the whole, York Region Audit Services complied with IIA Standards.

Brook Laker & Associates has provided their opinion in the Letter of Independent Validation of York Region Internal Audit Activity's Self-Assessment, (*Attachment 1*). This letter is the standard wording and format provided by the IIA to be used for self-assessments with independent validation.

#### 5. Financial Considerations

This external assessment was funded within the Audit Services approved 2017 budget. The IIA allows either a full assessment by an outside assessor or a self-assessment verified through an outside assessor. Audit Services has used the self-assessment method as it is approximately one fifth the cost of having an assessor complete the full review.

## 6. Local Municipal Impact

Audit Services provides audit services to 7 of the 9 local municipalities under audit services memorandums of understanding. The verification of compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing* provides local municipalities with an external verification that the Audit Services Branch work complies with these standards.

## 7. Conclusion

We have concluded that overall, the York Region Audit Services Branch is in compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing*.

For more information on this report, please contact Paul Duggan, Director, Audit Services at 1-877-464-9675 ext. 71205.

The Senior Management Group has reviewed this report.

April 10, 2017

Attachments (1)

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Accessible formats or communication supports are available upon request

BROOK LAKER &amp; ASSOCIATES

**INDEPENDENT VALIDATION OF  
YORK REGION AUDIT SERVICES BRANCH ACTIVITY'S SELF-ASSESSMENT**

**10 May 2017**

Brook Laker & Associates were engaged to conduct an independent validation of the York Region Audit Services Branch activity's self-assessment. The primary objective of the validation was to verify the assertions made in the attached quality self-assessment report concerning adequate fulfillment of the organization's basic expectations of the Audit Services Branch activity and its conformity to The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. Other matters that might have been covered in a full independent assessment, such as an in-depth analysis of successful practices, governance, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the Chief Audit Executive (CAE).

In acting as independent validator, we are fully independent of the organization and have the necessary knowledge and skills to undertake this engagement. The validation, conducted during the period April 26 to May 09, 2017, consisted primarily of a review and testing of the procedures and results of the self-assessment. In addition to conducting an interview with York Region's Chief Administrative Officer, we reviewed the minutes of all reporting presented by the CAE to the Audit Committee, including all presentations and reports, for years 2013, 2014, 2015, 2016 and 2017 to-date.

We concur fully with the Audit Services Branch activity's conclusions in the self-assessment report attached.

Brook Laker & Associates



Russell Gnyp, CPA, CA, MBA, CMC, CAA  
Senior Partner

10 May 2017