

IIA

Quality Services

Elevating Internal Audit Quality
Around the World

EXTERNAL QUALITY ASSESSMENT REPORT

Presented to
City of Ottawa
Audit Committee

October 8, **2026**

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Office of the Auditor General - City of Ottawa

The City of Ottawa's Office of the Auditor General **Fully 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	FA

Domain II Ethics and Professionalism	
Principle	**Rating**
Demonstrate Integrity	FA
Maintain Objectivity	FA
Demonstrate Competency	FA
Exercise Due Professional Care	FA
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	FA
Manage Resources	FA
Communicate Effectively	FA
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

Marianne Avarello, CPA, CIA
Lead Quality Advisor
IIA Quality Services

Andy Tsang, CIA, CPA, CMA, CFE
Team Member
IIA Quality Services

Justin Gwin, CIA, CPA CISA, CRISC, CRMA
Senior Director, IIA Quality Services
IIA Quality Services

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Executive Summary



Summary Observations Specific to Internal Audit

The City of Ottawa's Office of the Auditor General (OAG) has the infrastructure in place via defined policies and procedures, as well as strong stakeholder relationships across the City to support consistency, quality and sustainability of internal audit processes to achieve the purpose of internal auditing and add value to the City. Internal Audit is respected by the City of Ottawa's audit committee and senior leadership team and based on survey and interview results perform their role in an independent, professional, fair, and collaborative manner.

The Assessment Team identified the Successful Practices and Enhancement Opportunities noted below. There were no conformance gaps. The City of Ottawa's OAG provided management responses/action plans for each enhancement opportunity. Details on each can be found starting on page 12 and 13 of this report. Upon issuance of this report, Internal Audit may use the "Conformance" phrases permitted by the Standards in its audit reports, Charter and other practice materials.

Successful Practices:

- Strong ethical culture and professionalism
- Positioned independently with a fully supportive Audit Committee
- Solid foundational infrastructure
- Ongoing promotion of the OAG with effective the internal and external communication
- Consistent, systematic, disciplined approach to planning, conducting, and reporting on audit services provided

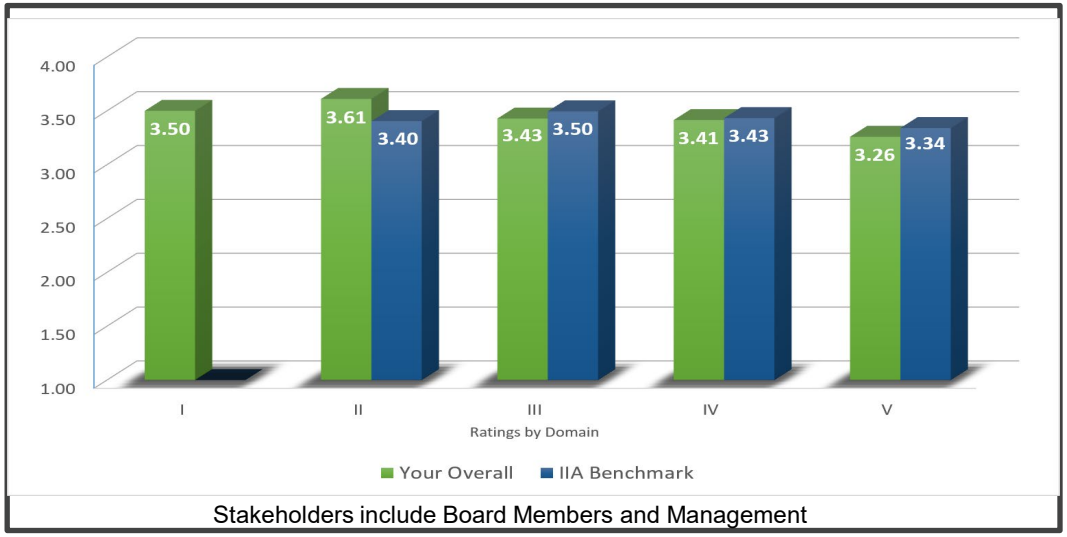
Enhancement Opportunities:

- Enhance the Audit Charter to include the OAG's authorities (access to information) and role for the administration of the Fraud and Waste Hotline
- Review and update succession planning for the AG and key OAG management
- Update various documents for topical requirements
- Review performance measures to strengthen and demonstrate the OAG's added value

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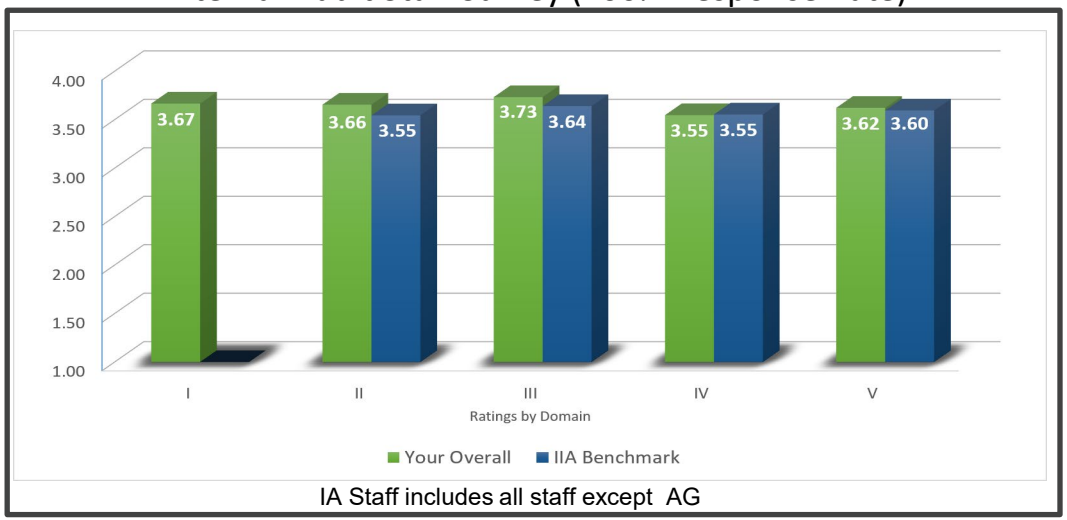
Stakeholder Survey and Interview Summary

Stakeholders Survey (35% Response Rate)



Stakeholders include Board Members and Management

Internal Audit Staff Survey (100% Response Rate)



IA Staff includes all staff except AG

Interview and Survey Comments

Summary comments represent general themes expressed by more than one stakeholder during interviews and/or surveys. All stakeholder interviews were conducted by the quality assessment team privately without presence of the AG. All surveys were conducted in a confidential manner by IIA Quality Services. Summary statistical results of surveys are presented at the left and details by questions are available upon request to the AG.

Strengths

- Strong commitment to ethics and independence
- Audits are more relevant and right-sized
- Respected, independent, transparent
- Manage timelines well
- Collaborative, competent, professional, fair, approachable, fortitude, active listening
- Strong processes and methodology
- Supervision by Auditor General is strong and invaluable
- Public trust

Opportunities

- Use of tools, technology, and leveraging data analytics
- Continue to explain and clarify the role of the AG and the OAG and its authorities related to access to information and data

"Stakeholder" and "Staff" represents the weighted average of all stakeholder respondents (excluding AG)
Domain I = Purpose of Internal Audit Domain II = Ethics & Professionalism Domain III = Governing IA Domain IV = Managing IA Domain V = Performing IA Services
"IIA Benchmark" represents the weighted average of all respondents from all organizations that completed this survey since May 2013 (excluding AG). Domain I is new, thus no benchmark
4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

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Report Details



Objective, Scope, Methodology and Qualifications

OBJECTIVE

The objective of this assessment was to evaluate the Office of the Auditor General's (OAG) 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 OAG'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 Audit General (AG) 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 OAG 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 OAG
- Conducted interviews with key stakeholders of the OAG including audit committee chair, members of the senior leadership team, the external auditors, the Auditor General, and OAG staff (those who were responsible for the engagements assessed)
- Reviewed a sample of assurance engagement projects' work papers, reports and other supporting documentation
- Reviewed the OAG's Audit Manual (policies and procedures) and other supporting records
- Reviewed survey data received from the OAG's stakeholders and OAG 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, AG and OAG staff (no conflicts of interest)
- Both members of the assessment team hold a Certified Internal Auditor® designation
- Experience with and knowledge of the Standards and leading internal audit practices
- Both members of the assessment team have previous experience performing external quality assessments
- Completion of external quality assessment training recognized by The Institute of Internal Auditors
- Experience as a or comparable senior level of internal audit management
- Experience in the organization's industry or sector (direct or via other external quality assessments)

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Overall Opinion as to Conformance with the *Standards*

The Office of the Auditor General at the City of Ottawa Fully 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 nine (9) and ten of this report. A summary of observations pertaining to Successful Practices and Enhancement Opportunities are noted on page four (4) and details start on page 11. Upon issuance of this report, the Office of the Auditor General 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 Ottawa and is qualified as defined in Standard 8.4. This External Quality Assessment was conducted virtually the week of July 20, 2026. Conclusions are as of August 13, 2026.

Future changes in external factors and actions taken by the OAG personnel, including actions taken to address our recommendations, may have an impact upon the operation of the OAG 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	**FA**
2.1 - Individual Objectivity	FC
2.2 - Safeguarding Objectivity	FC
2.3 - Disclosing Impairments to Objectivity	FC
3 - DEMONSTRATE COMPETENCY	**FA**
3.1 – Competency	FC
3.2 - Continuing Professional Development	FC
4 - EXERCISE DUE PROFESSIONAL CARE	**FA**
4.1 - Conformance with Global Internal Audit Standards	FC
4.2 - Due Professional Care	FC
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

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Conformance Level – Domain IV and V

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

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Successful Practices

#	DOMAIN/PRINCIPAL/ STANDARD	OBSERVATION
SP1	Domain II – Ethics and Professionalism: Strong Ethical Culture and Professionalism	Demonstrated professional courage Encourages ethics-based culture Strong staff competency, broad backgrounds, certified, experienced; orientation program for new staff Continual professional development supported by the AG. Staff required to update the training tracker quarterly. Specialized knowledge obtained from external subject matter experts.
SP2	Domain III – Governing the Internal Audit Function: Positioned Independently with a Fully Supportive Audit Committee	Strong Audit Committee support Positioned independently; reinforced with the by-law that preserves and protects independence from City administration Audit Committee receives OAG budget and then recommends it for approval by City Council AG's performance is evaluated by all members of Council, led by the Mayor, Chair/Vice Chair, Audit Committee Statutory Officers Policy outlining the fair, transparent, and equitable practice for AG recruitment and appointment, as a statutory officer, reporting to City Council, by engaging an external search firm Well developed and documented governance structure supported by a clear mandate and charter, led by a highly competent and experienced AG
SP3	Principle 9 – Plan Strategically: Solid Foundational Infrastructure	Strong infrastructure supported by a well-developed strategy, comprehensive methodology, and socialized risk-based audit plan based, on a structured approach to understanding the governance, risk management and control processes to fulfil the OAG's mandate and achieve long term success QAIP that promotes continuous improvement including meeting with federal, provincial and municipal counterparts to share information and best practices
SP4	Principle 11 – Communicate Effectively: Ongoing Promotion of the OAG with Effective Internal and External Communication	AG takes advantage of opportunities to promote and communicate the purpose and mandate of her Office both internally and externally to raise visibility Provides an orientation manual and training materials to all new members of City Council on the purpose and authority of the OAG; provides training on ERM based on a recognized need Engages with the City Manager and senior leadership team monthly and conducts presentations to units/branches with the City that have had little to no exposure to the OAG and its mandate Published articles; participated in speaking engagements to promote the OAG, and is available to media
SP5	Domain V – Performing Internal Audit Services: Consistent, systematic, disciplined approach to planning, conducting, and reporting on audit services provided	Robust planning conducted to understand the subject matter of the engagement Clearly evaluated audit criteria; brainstorming sessions for problem solving Well organized, easy to follow, sufficient and appropriate engagement documentation Use of checklists to ensure conformance with the standards, lessons learned after every audit Themes identified, finding prioritized, and management letters used to identify items of lesser significant that nonetheless could strengthen and enhance processes Follow-up on management action plans initiated once management identified action as complete

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Enhancement Opportunities

#	STANDARD	OBSERVATION	OAG RESPONSE
EO1	6.2 Internal Audit Charter	The Audit Charter refers to the Municipal Act which outlines the AG's mandate and authorities. Recommendation: The AG should consider adding the OAG's authorities (access to information and data) directly to the Audit Charter for consistency and to ensure all aspects of the AG's mandate (authority, role, and responsibilities) are identified in one document.	The OAG agrees with this recommendation. Since receiving the draft report, the Auditor General has amended the Audit Charter to include additional elements contained in the Auditor General By-law No.2021-05, such as, authorities, roles and responsibilities and the role of administering the Fraud and Waste Hotline. The revised Audit Charter will be presented for Committee and Council approval in November 2026.
EO2	7.1 – Organizational Independence	The additional role of the AG, as the administrator of the Fraud and Waste Hotline (FWHL), which is beyond internal auditing, has not been identified in the OAG Audit Charter. However, this role is identified in the AG By-law with safeguards identified in the Fraud and Waste Policy. Recommendation: The AG should update the OAG Audit Charter to be consistent with the AG By-law and Fraud and Waste Policy and include the OAGs role for the administration of the FWHL. Further opportunity exists to strengthen safeguards should the FWHL process be subjected to an audit, such as engaging with an external assurance who reports to the Audit Committee. The AG may also want to consider conducting an audit to provide assurance and demonstrate the independence and quality of the OAG's work, even if limited risk, as part of the QAIP.	The OAG agrees with this recommendation. Refer to response E01 for action plan related to the OAG's role of administering the FWHL. Additionally, the Auditor General, in consultation with the City Manager and the Chair of the Audit Committee, will conduct a cost/benefit analysis of having an independent audit/review of the administration of the Fraud and Waste Program. Should the Auditor General decide to proceed with an independent audit, a request for additional resources will be submitted for approval. Further consideration will be given to alternative options such as a peer review by another municipality as well as an annual self-assessment of OAG led investigations to be cost conscious.
EO3	7.2 Chief Audit Executive Qualifications	The AG's term is ending in 2028, the Deputy Auditor General recently departed, and staff vacancies have recently been filled. Recommendation: The AG should review and update the succession plan for the AG and key OAG management positions.	The OAG agrees with this recommendation. The Auditor General had a robust succession plan in place. However, with the recent departure of the Deputy Auditor General (DAG), a new plan was established. In June 2026, the Auditor General created an additional DAG position. Recruitment for these positions is being finalized as at the time of this report. Additional knowledge sharing/transfer will continue throughout the Auditor General's mandate.

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Enhancement Opportunities

#	STANDARD	OBSERVATION	MANAGEMENT RESPONSE
EO4	9.3 Methodology	The OAG's Audit Manual and Risk and Control Matrix has been updated for Topical Requirements which were introduced with the new Standards, requiring mandatory internal audit coverage in specific risks areas. Effective dates on the application of Topical Requirements are identified once IIA guidance has been released. The OAG has other documentation that supports the application of Topical Requirements. Recommendation: The Audit Manual has sufficiently documented the process to identify and assess topical requirements. The AG should update various supporting documentation to align with the Audit Manual and ensure awareness and consistency in application such as the following : • QAIP Policy • QAIP Guide • RBAP Process document • Audit Engagement Checklists	The OAG agrees with this recommendation. The Topical Requirements are already included within the OAG's Audit Manual and the Risk and Control Matrix template and were taken into consideration as part of the 2026-2027 Annual Work Plan and OAG Risk Assessment. The OAG has since updated its Audit Engagement Checklist, Risk-Based Audit Planning Process Manual and Quality Assurance and Improvement Process documents to better reflect the consideration of the Topical Requirements.
EO5	12.2 Performance Measurement	The OAG has developed and documented performance measures which are well-established. Recommendation: The AG should consider reviewing and revising the OAG's performance measures to strengthen and demonstrate the OAG's added value such as the number of engagement that include process improvements, % of direct time (planning and performing engagements) vs. indirect time (time involved in administration, professional practice, training)	The OAG agrees with this recommendation. In the spirit of continuous improvement, we will review the IIA Performance Measurement Audit Tool and select additional relevant key performance measures for inclusion in our 2026 Annual Report to be tabled with Audit Committee in Q1 2027.

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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 is fully achieving all 15 Principles and the Purpose of Internal Auditing.	The is fully achieving all the standards related to the Principle and the Principle's intent.	The is fully conforming with all requirements of the Standard and the Standard's intent.
General Achievement (or General Conformance)	The is not fully achieving at least one Principle or aspect of Domain I but is achieving the Purpose of Internal Auditing.	The is not fully achieving at least one Standard but is achieving the Principle's intent.	The is not fully conforming with at least one requirement but is achieving the Standard's intent.
Partial Achievement (or Partial Conformance)	The 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. *The may not include in final reports that engagements were performed in conformance with the Standards if the Overall Achievement Conclusion is Partial Achievement.*	The 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 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 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 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 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.

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