

January 9, 2025

**IIA International Professional Practices Revisions Roadmap
and Alignment with Municipal Act (Auditor General Elements)
Summary of Resolution Actions**

Overview

Executive Summary

Context

On January 9, 2024, the Institute for Internal Auditors (IIA) Standards Board released the updated Global Internal Audit Standards (Standards), the main component of the International Professional Practices Framework (IPPF). The new guidance replaces the 2017 Standards and is effective January 9, 2025.

As per Council direction, SCM 218/2024, the Auditor General has completed the assessment of the gaps and the proposed resolution plans for conformance with the new IIA IPPF standards.

This report provides an update on the completion of the gap resolution actions.

Overview of the New Standard & Changes

At the heart of the Standards are 15 principles comprised of five domains:

Domain I: Purpose of Internal Auditing – provides a unified description of the profession.

Domain II: Ethics and Professionalism – incorporates the profession's Code of Ethics and Standards on practitioner conduct, including Standards on due professional care (Principles 1-5).

Domain III: Governing the Internal Audit Function – clarifies the board's role and responsibilities in supporting an effective internal audit function and addresses how the chief audit executive (CAE) can support the board in carrying out its responsibilities (Principles 6-8).

Domain IV: Managing the Internal Audit Function – clarifies the CAE role and responsibilities for effectively managing an internal audit function (Principles 9-12).

Domain V: Performing Internal Audit Services – codifies requirements and considerations to help internal auditors perform internal audit engagements with consistency and quality (Principles 13-15).

Supplemental guidance

Global Guidance – supports the Standards by providing nonmandatory information, advice, and best practices. Global Practice Guides and Global Technology Audit Guides are included under this category, providing detailed approaches, step-by-step guidance, and examples on various subjects.

Key Differences From Previous IPPF Guidance

The new Standards differ from the 2017 guidance in several ways:

- *Emphasis on risk management alignment:* Internal audit activities are required to be aligned with the organization's risk management framework to ensure a comprehensive approach to risk management.
- *Formalized communication channels:* Clear and effective communication channels between internal auditors and stakeholders are mandated, promoting transparency and accountability.
- *Expanded scope of activities:* Governance, culture and cybersecurity are considered integral components of the audit scope, with increased integration between assurance and advisory projects for comprehensive coverage.
- *Focus on technology and data analytics:* Internal audit functions are encouraged to develop and implement plans for leveraging technology-driven tools to enhance audit efficiency and effectiveness.
- *Structural changes:* The overall makeup of the Standards has been simplified and integrated for easier understanding and implementation.

Summary of Gap Assessment

The Auditor General previously conducted a gap assessment using:

1. Attendance at a workshop/seminar on what has changed in the IIA IPPF.
2. Leveraging the IIA-published Conformance Readiness Tool to identify new areas to address.
3. A review of the IIA-published Complete Global Internal Audit Standards.

The Conformance Readiness Tool "identifies the significant changes between the requirements of the 2017 IPPF and those of the 2024 Standards to help chief audit executives and their teams implement the new Standards and prepare for quality assessments before the effective date of January 9, 2025." The document lists 27 new significant areas and reviews the Complete Global Internal Audit Standards, identifying two other elements and several areas for enhancement.

In several instances, the requirements are practices which were informally in place but now needed to be codified and have evidence routinely generated as a natural output to demonstrate sustained compliance with the professional standards. In other areas, the requirements and evidentiary elements were new.

Resolution Plan

The following activities were identified as key to enabling compliance for January 2025:

1. Review the Municipal Act and Current Auditor General Charter with new IIA IPPF elements in consideration and identify potential amendments or note exceptions.
2. Develop and implement required elements for governance and supporting content/communication requirements.
3. Create and implement formal ethics processes with the Office of the Auditor General and align/participate in the broader City of Windsor elements.
4. Update communication practices with Council as well as management to align to requirements.
5. Review and enhance security and information protection practices to demonstrate conformance with requirements.
6. Formalize key role competencies and support.
7. Create and deploy an inventory to track personnel, continuing education compliance (overall), accreditation requirements, certifications, experience, work history,
8. Create and implement an annual formal quality assessment and improvement plan per requirements.
9. Enhance the annual reporting template to incorporate any new requirements.
10. Review and enhance the internal audit methodology (s) by considering IPPF enhancements and new elements.
11. Update working papers to support methodology enhancement and the capture of required conformance with IIA IPPF.
12. Review and enhance reporting requirements in conformance with standards.
13. Create and roll out an end-of-project survey with assessment questions related to Honesty, Professional Courage, and Competency as perceived by management.
14. Finalize enhancements and modifications to the Auditor General Charter and communicate exceptions for Council consideration.
15. Report on progress against plan to Council regarding the readiness for compliance with Global Internal Audit Standards (Standards) as of January 9, 2025.

Summary of Actions Taken to Enable Conformance:

The following activities have been undertaken (and implemented for operation) so as enable compliance:

1. Review the Municipal Act and Current Auditor General Charter with new IIA IPPF elements in consideration and identify potential amendments or note exceptions.
 - a. Updated and submitted to City Council for acceptance. Included as a separate agenda item.
2. Develop and implement required elements for governance and supporting content/communication requirements.
 - a. This is contented in [Office of the Auditor General Guiding Practices Information Summary Package](#) (item 3), where each required element is outlined.
 - b. Attended training on new standards and governance elements.
 - c. Customized presentation materials for use in required communications.
 - d. Developed approach to engaging with Council and Management in the first half of 2025:
 - i. Communicate the Essential Conditions
 - ii. Document understanding of the current state
 - iii. Report on identified gaps and provide action plans
 - e. Updated internal planning and closing memos for required considerations.
 - f. Updated auditee planning memos for required considerations.
 - g. Updated reporting template for required considerations.
3. Create and implement formal ethics processes with the Office of the Auditor General and align/participate in the broader City of Windsor elements.
 - a. Considered and reviewed various City materials (policies, procedures, forms and training materials) related to ethics and behaviour to ensure alignment and consider training requirements. No additional requirements beyond annual compliance attestation and ethics training are required.
 - b. Included ethics considerations into work plans.
 - c. An ethics section was included as part of the regular status reporting considerations.
 - d. Updated planning and closing memo for ethics consideration.
4. Update communication practices with Council as well as management to align to requirements.
 - a. Status reports will be presented twice per annum, more if the Auditor General requires it or City Council requests it.
 - b. Items which the Auditor General is required to escalate to City Council in the normal course of audit operations are outlined in [Office of the Auditor General Guiding Practices Information Summary Package](#) (item 4).
 - c. Items requiring rapid escalation are outlined in [Office of the Auditor General Guiding Practices Information Summary Package](#) (item 5) and include the following (with guidance included) -
 - Significant Control Failures
 - Inability to Mitigate Fraud Risks
 - Regulatory Non-Compliance
 - Potential Legal Liabilities

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- Material Financial Loss or Irregularities
 - Unusual or Unauthorized Transactions
 - Data Breaches or Cyberattacks
 - Failure to Protect Sensitive Data
 - Disruption of Essential Municipal Services
 - Significant Infrastructure Failure
 - Fraud, Bribery, or Corruption
 - Conflicts of Interest
 - Scandals or High-Profile Allegations
 - Severe Public Backlash
 - Impending Insolvency or Financial Distress
 - Material Overruns in Major Projects
 - Obstruction of Audit Process
 - Failure to Act on Critical Audit Recommendations
 - Governance Failures or Weak Oversight
5. Review and enhance security and information protection practices to demonstrate conformance with requirements.
- a. Updated Corporate Data Protection, Cybersecurity and Confidentiality policy and enabling systems.
 - b. Designed and implemented an annual attestation process for capturing evidence of security policy conformance.
6. Formalize key role competencies and support.
- a. A summary overview job description is documented; see [Office of the Auditor General Guiding Practices Information Summary Package \(item 1\)](#).
 - b. Enhanced and updated the Auditor General Charter in accordance with standards updates. [Office of the Auditor General Guiding Practices Information Summary Package \(item 2\)](#)
 - c. As part of communicating Essential Conditions, a review of other municipalities with Auditor General's in place and key variances will be provided in 2025. See item for direction.
7. Create and deploy an inventory to track personnel, continuing education compliance (overall), accreditation requirements, certifications, experience, work history,
- a. Developed a competency assessment framework aligned with a competency history tracker.
 - b. Incorporated placeholder to demonstrate file/work review in project files and an explicit final sign-off
 - c. Integrated considerations into project completion survey
8. Create and implement an annual formal quality assessment and improvement plan per requirements.
- a. Attended training sessions on new standards and quality reviews.
 - b. Acquired and reviewed the IIA Quality Assurance Assessment Manual.

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- c. [Developed Quality Assurance Self-Assessment tool based on the IIA Quality Assurance Assessment Manual.](#)
9. Enhance the annual reporting template to incorporate any new requirements.
 - a. [Updated status report to incorporate new requirements or triggers for consideration.](#)
10. Review and enhance the internal audit methodology (s) by considering IPPF enhancements and new elements.
 - a. [Researched considerations and options for approach.](#)
 - b. [Given the scale of the function, these have been incorporated into the Auditor General Charter and individual work plans. No significant changes noted.](#)
11. Update working papers to support methodology enhancement and the capture of required conformance with IIA IPPF.
 - a. [Developed and documented new key elements to align to new formal requirements:](#)
 - i. [AG annual strategy](#)
 - ii. [Materiality perspective and modified report rating parameters to align with materiality. Confirmed non-financial considerations in ratings based on research.](#)
 - iii. [Technology and tools assessment and implementation strategy.](#)
 - iv. [Budget](#)[See these various items in the Office of the Auditor General Guiding Practices Information Summary Package.](#)
 - b. [Updated planning memo for ethical considerations and due professional care requirements as items to prompt consideration in planning.](#)
 - c. [Updated closing working paper to consider the approach to evaluating and validating information gathered during an engagement.](#)
 - d. [Updated reporting template for required considerations.](#)
 - e. [Internal Wiki to share the above content and policies with team members.](#)
12. Review and enhance reporting requirements in conformance with standards.
 - a. [Updated reporting template for required considerations.](#)
13. Create and roll out an end-of-project survey with assessment questions related to Honesty, Professional Courage, and Competency as perceived by management.
 - a. [Developed survey for use using survey technology](#)
 - b. [Incorporated associated working paper into engagement file tool.](#)
14. Finalize enhancements and modifications to the Auditor General Charter and communicate exceptions for Council consideration.
 - a. [Enhanced and updated the Auditor General Charter in accordance with standards updates. Office of the Auditor General Guiding Practices Information Summary Package \(item 2\)](#)
15. Report on progress against plan to Council regarding the readiness for compliance with Global Internal Audit Standards (Standards) as of January 9, 2025.

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- a. Compliance framework in place key activities to occur in 2025 will include:
 - i. Initial communication of Essential Conditions with Council and Management
 - ii. Identification of gaps, if any, and action plans
 - iii. Consideration of Essential Considerations, Budget Impact, Concerned Citizen and Employee Hotline Administration and key insights from other municipalities with Auditor General's (based on publicly available information).
 - iv. Execution of Workplan