

# **Auditor General's Office 2012 Quality Assurance Review**

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To: Audit Committee

# 2012 Quality Assurance Review

- Background:
  - A formal quality assurance review of the Auditor General's Office is to be conducted by independent audit professionals in accordance with generally accepted government auditing standards.
  - Council has selected The Institute of Internal Auditors, Global Headquarters to conduct an "External Quality Assessment" review of the Auditor General's Office.
  - The on site portion of the IIA's Quality Assessment review will commence on February 27, 2012.

# 2012 Quality Assurance Review

- Background:
  - Many municipal audit shops are members of the Association of Local Government Auditors (ALGA), as well as The Institute Of Internal Auditors (IIA), and have adopted and follow Generally Accepted Government Auditing Standards (GAGAS or "The Yellow Book").
  - Peer Reviews are intended to help audit organizations in their efforts to meet these standards.

# 2012 Quality Assurance Review

- Background:

- For a small two person audit shop, the we are being very proactive in initiating our first peer review at the end of 2011, as one would not normally be requested before July 2013.
  - According to GAGAS a quality assurance review should be done following a three(3) year cycle of completed audits.
  - Larger, (mostly private sector) audit shops attempting to comply with the Institute Of Internal Auditors (IIA) standards follow a five(5) year cycle of completed audits for independent quality assurance reviews.
  - GAGAS also require the audit organization to make quality assurance (peer review), reports publicly available.

# 2012 Quality Assurance Review

- Background:
  - The review will confirm that our audit organization's internal quality control system was adequate and that quality control policies and procedures were being complied with to provide the audit organization with reasonable assurance of conforming with Government Auditing Standards
  - As with any audit, we see this as a valuable opportunity for us to receive feedback, to learn and continually improve our audit processes.

# 2012 Quality Assurance Review

- Preparation:
  - The Auditor General's Office is staffed by audit professionals who are required to follow legislation, such as the Municipal Act, 2001, bylaw 2009-239, and many sets of professional standards while performing our independent audit function for the City of Greater Sudbury.
  - We adhere to the standards set for the professional designations we hold:
    - C.G.A. (The Certified General Accountants Association of Canada),
    - C.A. (The Canadian Institute of Chartered Accountants), and
    - C.I.A. (The International Institute of Internal Auditors).

# 2012 Quality Assurance Review

- Preparation:
  - Right from the start, (winter of 2009 and spring of 2010), we developed our Quality Control System, and documented our processes in an Audit Procedures Manual designed to follow Government Auditing Standards.
    - The development of this manual was a key step in preparation for our GAGAS quality assurance review, as it helped us ensure compliance with GAGAS standards.
    - We provided Audit Committee members with electronic copies of our Audit Procedures manual early in 2011 for their reference.

# 2012 Quality Assurance Review

- Preparation:

- We have familiarized ourselves with the ALGA peer review process and assessed our readiness for review.
  - Referred to other Auditor General's Office procedures
    - (for example, the Auditor General's Office at the City of Toronto are ALGA members, follow GAGAS, and a three year quality assurance review cycle)
  - We've spoken to both the ALGA and the IIA peer review coordinators about our preparedness for the peer review.
  - We've attended an ALGA / GAGAS peer review workshop,
  - We've reviewed our own work using the ALGA Peer Review Guide.



# 2012 Quality Assurance Review

- Summary:
  - We appreciate the investment that Council is making to improve the understanding of the roles and functions of the Auditor General's Office, and of the Audit Committee, for all our stakeholder's.
  - We continuously strive for improvement, and are proud of what we have established. That is exactly why we look forward to an external Quality Assurance review.
  - We will value any suggestions they may have, in providing ways to enhance our audit processes, or to improve the efficiency and effectiveness of our audit activity.