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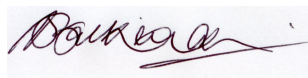
**CITY OF GREATER SUDBURY**

**Office of the Auditor General**

**Quality Assessment Review in Accordance with the 2018 Generally Accepted Government  
Auditing Standards (GAGAS)**

FINAL REPORT

Lal Balkaran

A handwritten signature in black ink, appearing to read 'Lal Balkaran', is written over a light gray rectangular background.

Dated: January 12, 2026

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## I. Overview

### Background

I was engaged by the Auditor General's Office ("AGO") of the City of Greater Sudbury ("CGS") to perform a quality assessment review ("QAR") in accordance with the 2018 Generally Accepted Government Auditing Standards ("GAGAS") issued by the Comptroller General of the United States of America. The AGO uses GAGAS as the basis of its operations as articulated in section 1.3 (*Standard of Audit Conduct*) of its *Internal Audit Policies and Procedures Manual* ("Audit Manual"). GAGAS requires audit organizations to have such a review at least once every three years. The last review was done in 2022 and covered the years 2019-2021. The current December 2025-January 2026 review covers the 2022-2024 period.

The principal objective of my engagement was to assess the AGO's conformance to GAGAS and compare their audit practices against industry standards such as The Institute of Internal Auditors ("IIA")'s *International Standards for the Professional Practice of Internal Auditing* (IIA Standards) as well as with leading practices.

In conducting my review, I followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA). I also reviewed the internal quality control system of the AGO and performed tests and interviews in order to determine whether the internal quality control system operated to provide reasonable assurance of compliance with GAGAS issued by the Comptroller General of the United States.

### Opinion

Based on the results of my review, it is my opinion that the internal quality control system of the Auditor General's Office was suitably designed and operating effectively to provide reasonable assurance of compliance with Generally Accepted Government Auditing Standards (GAGAS) for audit engagements during the 2022-2024 period. My review indicated that the Auditor General's Office generally conforms to these standards.

A scale of three ratings has been used: "generally conforms," "partially conforms," and "does not conform." "Generally Conforms" or GC is the top rating and means that the appropriate audit activity conforms to GAGAS. "Partially Conforms" or PC means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the AGO's activity from performing its responsibilities in an acceptable manner. "Does Not Conform" or DNC means deficiencies in practice are judged to be significant and need to be addressed immediately.

Appendix A provides my assessment of conformance with each of the applicable standards. My detailed observation and recommendation are contained in Appendix B.

### Scope

As part of the preparation for this validation, the OAG provided the following:

- Internal Audit Policies and Procedures;
- ALGA Peer Review Report – March 2022;
- List of Engagements and Non-Audit Services performed for Jan 1, 2022 to Dec 31, 2024;
- Working papers for Audit of Information Technology Governance Process (2024) and Performance Audit of Parks Services (2023);
- Audit Organization Background Information;
- Budgeted amounts for the OAG;
- Continuing Professional Education Training Hours for Jan 1, 2022 to Dec 31, 2024;
- Auditor General’s Annual Performance Report for the Year Ended Nov 30, 2024;
- Draft Audit Plans for 2024 and 2025; and
- Risk Assessment for 2024-2028.

The scope of the project included:

- Assessment of the work done in the OAG against GAGAS and the Audit Manual;
- Evaluation of the efficiency and effectiveness of the audit methodology;
- Evaluation and effectiveness of the quality of reporting by the OAG;
- Analysis of audit tools that support the internal audit processes;
- Evaluation of the OAG’s training and staff review process; and
- Analysis of the OAG’s practices for conformity with stakeholders’ expectations.

### Project Methodology

My procedures included:

- Reviewing the OAG’s documented policies and procedures;
- Reviewing consultant’s reports and other related information;
- Reviewing internal monitoring procedures;
- Reviewing a sample of two completed audit working paper files;

- Reviewing documents related to training, and development of auditing staff;
- Sending out a questionnaire to the Auditor General and Chair, Audit Committee; and
- Separately interviewing the Auditor General and Chair, Audit Committee.

My project approach consisted of:

- Reviewing the documentation listed above under “Scope” including the risk assessment and related methodology documentation, the internal audit plan, staff profiles, quality assurance program, budgets, audit tools, and any other information I felt relevant to meeting the project objectives;
- Comparing audit activities and operations against GAGAS and the Audit Manual;
- Determining that the two sample audits were supported with appropriate documentation;
- Comparing how the OAG compares against internal audit leading practices; and
- Preparing a report that summarizes my findings and recommendations in conformance.

## II. Executive Summary

### General

Included in Appendix B is a matrix which summarizes my detailed observation and recommendation. The recommendation is presented for management consideration and represent a suggested approach to enhance the related process. Implementation decision is the responsibility of the Auditor General.

### Positive Attributes

The City of Sudbury’s Office of the Auditor General department is well-structured and progressive, where both GAGAS and the IIA *Standards* are understood and management is endeavoring to provide useful audit tools and implement appropriate practices. Given that there are just two staff members, quite a range of audit activities has been achieved over the period reviewed. Some successful practices in place are:

- Reports to the Audit Committee are comprehensive;
- The department has a staff of two and completed 14 audits (six each in 2022 and 2023 and four in 2024) with a budget of just under \$500K in each of the three years. Given such resource constraints, this is good as actual expenditures and hours were lower than budget and both the

quantity and quality of audits completed in the City of Greater Sudbury appear to be as high or higher than those completed within the peer municipalities;

- Both staff members who perform audit engagements are certified internal auditors and hold other related recognized certifications as follows:
  - Mr. Ron Foster (Auditor General), CPA, CMA, CIA, CISA, CFE, CRMA, PMP, IBM Cybersecurity Analyst
  - Mr. Vasu Balakrishnan (Senior Auditor), CPA (US), CIA, CISA, CFE
- There is an established risk methodology for determining the annual audit plan;
- Follow-up of outstanding audit issues is properly tracked;
- Staff have exceeded their required CPE hours for the 2022-2024 period to maintain their professional designations and keep abreast with developments in the profession. The Auditor General’s CPE hours were a total of 200 while those of the Senior Auditor were 188. The required hours for each staff member are 180 for the three-year period. This is critical as it shows that staff members are keeping abreast with the latest technological developments and audit-related standards, leading practices, guidelines, and pronouncements.
- In reviewing the Auditor General’s Annual Performance Report for year-end November 30, 2024, the productivity of the AG’s department has exceeded that of select peers as the following table shows:

Municipality	Staff	Audits 100% completed at Nov 2024	Average Audits per staff member
Ottawa	9	4	.44
Vancouver	9	2	.22
Halifax	9.6	5	.52
<b>Sudbury</b>	<b>2</b>	<b>5</b>	<b>2.5</b>

As with any function within an organization, there are opportunities to improve existing practices that should further strengthen the overall effectiveness of the OAG. There is only one recommendation which I have summarized by key process below which is included in Appendix B.

### Summary of Observations and Recommendations

There is one area where there is partial deviation from GAGAS but from an overall perspective, this does not impact the overall rating for that particular standard. See below:

- Not all working papers are organized in a coherent and logical manner.

See Appendix B for the details that support the above issue.

Based on the tests conducted and discussions with the Auditor General, there have been significant improvements and an ongoing effort to improve the audit process since the last review.

**III. Appendix A – 2018 GAGAS Compliance Evaluation Summary**

Standard Number	Standard	Generally Conforms	Partially Conforms	Does Not Conform
<b>OVERALL EVALUATION</b>		✓		
	<b>APPLICABLE GENERAL STANDARDS</b>			
3.02	Ethical Principles	✓		
3.09	Integrity	✓		
3.11	Objectivity	✓		
3.17	Independence	✓		
3.109	Professional Judgment	✓		
4.02	Competence	✓		
4.16	Continuing Professional Education	✓		
5.02	Quality Control & Assurance	✓		
5.12	Initiation, Acceptance, and Continuance of Engagements	✓		
5.15	Human Resources	✓		
6.36	Reporting the Auditors' Compliance with GAGAS	✓		
<b>APPLICABLE PERFORMANCE STANDARDS</b>				
8.03-8.19	Planning	✓		
8.20	Auditor Communication	✓		
8.27	Investigations of Legal Proceedings	✓		
8.30	Results of Previous Engagements	✓		
8.31	Assigning Auditors	✓		
8.33	Preparing a Written Audit Plan	✓		
8.36	Nature of the Program	✓		
8.39	Internal Control Understanding	✓		

8.49	Internal Control Assessment	✓		
8.54	Internal Control Deficiencies	✓		
8.59	Information Systems Control Considerations	✓		
8.68	Provisions of Laws, Regulations, Contracts and Grant Agreements	✓		
8.71	Fraud	✓		
8.77	Sources of Evidence	✓		
8.80	Using the Work of Others	✓		
6.60	Appropriateness	✓		
8.87	Supervision	✓		
8.108	Overall Assessment of Evidence	✓		
8.116	Findings	✓		
8.132	Availability of Individuals and Documentation	✓		
9.03	Reporting Auditors Compliance with GAGAS	✓		
9.06	Report Format	✓		
9.10	Report Content	✓		
9.18	Reporting Findings, Conclusions & Recommendations	✓		
9.29	Reporting on Internal Control	✓		
9.35	Reporting Non-Compliance with Provisions of Laws, Regulations, Contracts and Grant Agreements	✓		
9.40	Reporting on Instances of Fraud	✓		
9.45	Reporting to Parties Outside the Audit Entity	✓		
9.50	Reporting views of responsible officials	✓		
9.56	Distributing Reports	✓		
9.61	Reporting Confidential & Sensitive Information	✓		

**IV. Appendix B - Observations and Recommendations Summary**

	Observation	Recommendation	Management Response
1	<p><b>AUDIT WORKING PAPERS</b></p> <p><b>Finding</b>                      Audit working papers are not well-organized. They are stored in each folder within a working paper file, e.g., Planning, Conducting, Reporting, and Review. Each working paper is not referenced.</p> <p>Sec. 8.134 of GAGAS states that: <i>Auditors should design the form and content of audit documentation to meet the circumstances of the particular audit...</i></p> <p><b>Impact</b></p> <p>Unorganized working papers may make it difficult to determine support for audit findings.</p>	<p>Consider developing an index to reference each working paper.</p>	<p>Agreed.</p> <p>Going forward, an Excel spreadsheet will be used to reference each working paper.</p>