



The Institute of Internal Auditors
L'Institut des auditeurs internes
Canada

Institute of Internal Auditors Canada
2025 Federal Pre-Budget Submission

Recommendation

The Institute of Internal Auditors Canada (IIA Canada) recommends that the Government of Canada maintain budgetary support for internal audit functions across the public sector. A well-resourced and independent internal audit function — aligned with the recently updated International Professional Practices Framework® — is a critical element of good governance. The preservation of internal audit capabilities in the forthcoming Budget 2025 will support policymakers in identifying operational efficiencies, managing risk, and achieving greater value for public funds.

Introduction

IIA Canada believes that internal audit lies at the heart of effective governance. When properly implemented, internal audit strengthens daily operations and supports the long-term success of both private organizations and public institutions. As the Government considers cost-saving measures across the federal public service, internal audit offers a strategic tool to drive efficiency, streamline processes, and ensure that reforms are implemented effectively and responsibly. In an era where public trust and fiscal prudence are paramount, internal audit serves as a cornerstone of responsible governance. It ensures that every dollar spent delivers value to Canadians, while reinforcing the integrity of public institutions.

To ensure internal audit continues delivering meaningful results, IIA Canada encourages the Government to **preserve internal audit funding across all federal departments in Budget 2025**. Protecting the role of internal audit would demonstrate a renewed commitment to transparency and accountability by:

- Providing effective independent assurance over department internal controls and risk management initiatives
- Strengthening oversight on the expenditure of taxpayer dollars
- Promoting greater collaboration between department leadership and internal audit to improve operational efficiency
- Leveraging emerging technologies – such as artificial intelligence – to increase the capacity and cost-effectiveness of internal audit functions

The enclosed document outlines how internal audit strengthens public sector performance and supports the Government's mission, articulated by Prime Minister Carney, to "become much more productive...by focusing on results over spending...[.]"¹

Driving Efficiency Through Internal Audit

An internal audit function – operating in conformity with The IIA's [International Professional Practices Framework](#)® (IPPF®) – is the entity responsible for providing federal departments with objective assurance over governance, risk management and internal control processes. The work of internal audit promotes confidence among stakeholders and taxpayers due to its direct reporting relationship to the deputy heads of departments.²

¹ Carney, Mark. "Mandate Letter." May 21, 2025. *Office of the Prime Minister*, <https://www.pm.gc.ca/en/mandate-letters/2025/05/21/mandate-letter>

² Treasury Board of Canada Secretariat, "Policy on Internal Audit." October 24, 2023. <https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=16484>

In other words, internal audit leverages a deep understanding of the operations to conduct assessments designed to promote organizational transparency and accountability. This commonsense approach to oversight is important because it ensures the professionals performing assessments possess an intimate knowledge of the organization's strategic goals, culture, and risk appetite. These insights produce internal audits that supply the deputy heads – and by extension, Parliament – with substantive and actionable information.

As the Government undertakes a comprehensive review of departmental expenditures and operations, continued investment in well-resourced internal audit functions will support the following objectives:

- Strengthen oversight
- Enhance performance
- Assist in reducing government inefficiencies

The outcome is a government that is more transparent, more productive, and more accountable.

By conducting thorough assessments of workflows, staffing models, and service delivery processes, internal auditors detect redundancies, underutilized resources, and unnecessary expenditures. These insights often lead to streamlined processes, reduced administrative burden, and more effective program delivery. For example, internal audits may uncover duplicative roles across departments or outdated procedures that hinder performance and inflate costs.

Internal auditors also play a critical role in advancing modernization by promoting digital transformation. By identifying opportunities to automate manual, time-consuming processes – such as payroll, data entry, and document management – internal auditors support the transition to technology-driven solutions that boost efficiency and lower operational costs.

Strong financial stewardship is another area where internal audit delivers tangible value. Internal auditors evaluate budget execution, help departments track expenditures, avoid overspending, and redirect resources to priority areas. Internal audits can also reveal misallocated funds, delayed payments, or missed revenue opportunities, all of which directly affect the government's bottom line.

In addition, internal auditors help organizations support smarter resource allocation – whether human capital, finances, or physical assets. Whether it is recommending the redeployment of staff, consolidating facilities, or divesting underutilized assets, internal auditors provide evidence-based guidance to help departments do more with less – without compromising service quality. This work enables the Government to align resources with strategic priorities while preserving – and often improving – service quality.

In short, **internal audit is far more than a compliance mechanism. It is a driver of value, operational excellence, fiscal discipline and is the cornerstone of responsible and transparent governance.**

While internal audit's core mandate is to improve governance, risk management, and internal controls, its impact extends far beyond individual departments. It instills confidence in public systems and processes, safeguards taxpayer dollars, and strengthens the foundation of effective government.

Conclusion

Internal audit is not a discretionary function – it is a strategic enabler of good governance, fiscal responsibility, and operational excellence. As the Government intensifies its focus on results-driven spending and greater productivity, internal audit offers a practical, proven tool to support this transformation.

Well-resourced internal audit functions empower deputy heads to make better-informed decisions, eliminate inefficiencies, and direct resources to where they are needed most. Internal auditors provide the independent assurance and evidence-based recommendations that drive smarter spending and improve service delivery for Canadians.

Preserving – and strengthening – internal audit in Budget 2025 is not just a matter of protecting oversight. It is a **forward-looking investment** in the Government's ability to meet its fiscal and performance goals. By reinforcing the role of internal audit, the Government can deliver on its commitment to a more transparent, productive, and accountable public service. In developing Budget 2025, the Government must uphold internal audit as a valuable strategic asset. By maintaining and enhancing internal audit capacity, the Government will be better equipped to deliver on its promises to Canadians — efficiently, transparently, and responsibly.

Should you have any questions regarding the material presented in this submission, please contact Ryan Singh, IIA Director of Advocacy (Canada), at Ryan.Singh@TheIIA.org.

About The Institute of Internal Auditors Canada

Established in 1941, The Institute of Internal Auditors (The IIA) is the globally recognized authority, advocate, and educator for the internal audit profession. Headquartered in Lake Mary, Florida, USA, The IIA serves as the profession's voice worldwide – setting standards, advancing knowledge, and championing the role of internal auditing in strong governance.

The Institute of Internal Auditors Canada (IIA Canada), an affiliate of The IIA, represents more than 8,600 members across the country. Through its partnership with 12 local chapters, IIA Canada delivers training, professional development, research, and essential services to internal auditors while advocating on behalf of the profession with governments, regulators, and key stakeholders.

The IIA sets the International Professional Practices Framework® (IPPF®) – the globally accepted standard for internal auditing. The IPPF® provides both mandatory and recommended guidance, empowering internal auditors to deliver insight, navigate complexity, and enhance organizational value.

The IIA also confers the Certified Internal Auditor® (CIA®) designation, the only globally recognized certification for internal auditors. Earning the CIA® credential demonstrates advanced expertise in internal auditing, risk management, and governance. It requires rigorous examinations and verified professional experience that distinguishes holders as leaders in the field and fosters greater credibility, career advancement, and earning potential.