OFFICE OF INTERNAL AUDIT CHARTER

MISSION

The mission of the office of Internal Audit is to assist the University in accomplishing its objectives and meeting its fiduciary and administrative responsibilities by providing independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the University. This is performed by bringing a systematic, disciplined, and risk-based approach to evaluate and improve the effectiveness of University governance, risk management, and the system of internal controls and administrative processes.

AUTHORITY

The office of Internal Audit is established by the Board of Governors (hereafter referred to as the Board) through its Audit and Risk Management Committee. The responsibilities of the office of Internal Audit are defined by the Audit and Risk Management Committee as part of its oversight role.

The office of Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of the University records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the office of Internal Audit in fulfilling its roles and responsibilities.

The Internal Auditor(s) will also have free and unrestricted access to the Audit and Risk Management Committee and the University Executive Team.

The office of Internal Audit will not have direct authority over or responsibility for any of the activities reviewed during the course of its work. Internal Audit will not develop and implement procedures, prepare records, make management decisions, or engage in any other activity that could be reasonably construed to compromise their independence. Internal Audit neither substitutes nor relieves other University personnel from their assigned responsibilities.

SCOPE OF ACTIVITY

The scope of work of the office of Internal Audit includes the ability to audit all University units and functions with the goals of:

- improving internal controls;
- enhancing the efficiency and effectiveness of University functions;
- ensuring compliance with University policies and procedures and other applicable Acts and Regulations;
- contributing to the assessment of business risk; and
- meeting the University’s fiduciary requirements.

The scope of work covers two main types of services:

- assurance; and
- consulting.

Assurance services involve the internal auditor’s objective assessment of evidence to provide opinions or conclusions and recommendations regarding an operation, function, process, system, or other subject matters. The nature and scope of the assurance engagement are determined by the office of Internal Audit and recommended for approval to the Board by the Audit and Risk Management Committee.
Consulting services are advisory in nature, and are generally performed at the specific request of either management (the University Executive Team) or the Audit and Risk Management Committee. Members of the University’s Leadership Team can request services of the office of Internal Audit through their executive sponsor on the University Executive Team. The nature and scope of the consulting engagement are subject to agreement with the management of the unit/division/function being audited. Consulting services are intended to add value and improve University governance, risk management, and control processes. Examples of outcomes from these services can include counsel, advice, facilitation, and training. When performing consulting services the office of Internal Audit will maintain objectivity and not assume management responsibility.

The internal audit plan will be developed based on a prioritization of the University’s audit universe using a risk-based methodology which will include the input of the University Executive Team and will consider the future impact in addition to the traditional historical focus of audit compliance practices. The plan will be reviewed at least annually and recommended for approval to the Board by the Audit and Risk Management Committee. The office of Internal Audit will review and adjust the plan, as necessary, in response to changes in the University’s risk environment/tolerance, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to the University Executive Team and resubmitted to the Audit and Risk Management Committee for recommendation to the Board for approval. The Audit and Risk Management Committee will oversee the work of the office of Internal Audit through periodic activity reports.

ACCOUNTABILITY

The office of Internal Audit will report functionally through the President to the Audit and Risk Management Committee of the Board and administratively to the Executive Director, University Governance, by providing them with the following:

- An annual internal audit plan for review and further recommendation to the Board for approval;
- An annual report of the office of Internal Audit activities at the conclusion of each fiscal year;
- A written report following the conclusion of each internal audit engagement. The internal audit report may include management’s response and corrective actions taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented;
- Follow-up on engagement findings and recommendations;
- Reports regarding any significant unresolved matters with management;
- Information on the status and results of the annual audit plan and the sufficiency of internal audit resources;
- Reports on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the University Executive Team and the Audit and Risk Management Committee; and
- Instances of management exceptions or overrides to university policy.

The Audit and Risk Management Committee will participate in the decisions regarding the appointment, removal, and performance review of the internal auditor.

RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University governance, risk management, system of internal controls and administrative processes as well as the quality of performance in carrying out assigned responsibilities to achieve the University’s stated goals and objectives. This includes:

- reporting through the President to the Audit and Risk Management Committee of the Board;
- reporting to the Executive Director, University Governance, and being a member of the University Secretariat which will ensure that the office of Internal Audit has no operational accountability;
meeting with the Audit and Risk Management Committee in an *in camera* session at every meeting or more frequently at the request of the auditor or the Chair, Audit and Risk Management Committee;

- reviewing the University’s established internal control system, administrative controls and processes to ensure that these are functioning, adequate, effective and efficient;

- reviewing the reliability and integrity of the accounting, financial and reporting systems and procedures;

- assessing compliance of University processes and procedures with University policies, provincial and federal laws and regulations, contractual obligations and best business practices that have a significant impact on University’s operations and reporting;

- reviewing the extent to which University resources are employed and determining if these resources are employed efficiently and economically;

- assessing the means in which assets are safeguarded as appropriate, verifying the existence and appropriate use of these assets;

- evaluating operational procedures to determine whether results are consistent with established objectives and goals, and whether the procedures are carried out as planned;

- evaluating the effectiveness of the University’s operational risk management processes;

- investigating and/or supporting investigations or alleged violations of policies, procedures, errors, fraud or misuse of University assets or resources, including activities that relate to research and other grants. This may require liaising with law enforcement authorities as appropriate;

- engaging external contractors to increase the scope of the internal audit, when necessary, or to perform specialized projects;

- consulting when policies and procedures, financial and administrative systems, organizational structures and other related administrative activities are being reviewed;

- consulting on the design of new processing systems and/or major modifications to existing systems prior to installation to ensure the new system has adequate, effective and efficient controls;

- seeking input of the University Executive Team to develop the internal audit work plan for the upcoming year by prioritizing projects using a risk-based methodology;

- presenting the internal audit plan to the Audit and Risk Management Committee for review and further recommendation to the Board for approval at least annually;

- presenting the internal audit activity charter to the Audit and Risk Management Committee for review and approval of changes at least annually;

- developing and presenting the budget for special projects and initiatives of the office of Internal Audit to the Audit and Risk Management Committee and Executive Director in accordance with the annual internal audit plan;

- meeting with the Provincial Auditor on a regular basis to ensure that each other’s activities are coordinated in order to minimize duplication of areas to be audited; and

- sending, upon request, internal audit reports and plans to the Provincial Auditor. If other auditors are engaged, the sharing of internal audit reports and plans will be done with the permission of the Chair of the Audit and Risk Management Committee and the Provincial Auditor (or other auditors), as required.

**INDEPENDENCE AND OBJECTIVITY**

The office of Internal Audit will remain free from interference by any element in the University, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

The office of Internal Audit will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the office will not be responsible for the implementation of internal controls, development procedures, installment of systems, preparation of records, or engagement in any other activity that may impair the internal auditor’s judgment.

The office of Internal Audit will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal audit will make a balanced
assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The office of Internal Audit will confirm for the Audit and Risk Management Committee, at least annually, the organizational independence of the internal audit activity.

STANDARDS OF AUDIT ACTIVITY

The internal audit will govern itself by adherence to the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Definition of Internal Auditing. This guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.

In addition, the internal audit activity will adhere to relevant University policies and procedures.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The office of Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with the *Standards* and an evaluation of whether the internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The office of Internal Audit will communicate to the University Executive Team and the Audit and Risk Management Committee on the internal audit activity’s quality assurance and improvement program, including results of annual internal assessments and external assessments conducted at least every five years.

CONFIDENTIALITY OF RECORDS

The office of Internal Audit will control access to internal audit records and will consult with the University Executive Team and/or legal counsel prior to releasing internal audit records to external parties.

RELATED DOCUMENTS

- International Standards for the Professional Practice of Internal Auditing
- The Code of Ethics of the Institute of Internal Auditors
- University of Regina policy GOV-080-015, Internal Audit
- Audit and Risk Management Committee Terms of Reference

The charter was reviewed on December 13th, 2018.

Original created on December 8th, 2015
Revisions: December 13th, 2016; December 7th, 2017.