



CITY OF GUELPH INTERNAL AUDIT CHARTER

MISSION AND VISION

To provide independent and objective assurance and consulting services designed to add value to help enhance the operations of the City. Internal Audit assists the City in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal controls.

VALUES AND PRINCIPLES

In carrying out assurance and consulting activities, Internal Audit values and promotes:

- Integrity
- Objectivity
- Confidentiality
- Competency
- Professionalism
- Transparency
- Continuous Improvement

DEFINITIONS

- **Audit Committee:** Consists of all members of the Committee of the Whole. The roles and responsibilities of the Audit Committee are included as part of the Committee of the Whole Terms of Reference.
- **City-related Boards:** As defined by the City of Guelph.
- **Special Project:** Any project added to the approved annual audit work plan.
- **Employee:** Is defined as any employee of the City including those on contract and volunteers.
- **Internal Auditor:** Head of the Internal Audit Department

SCOPE OF WORK

Scope of work includes but is not limited to:

- The examination and evaluation of the adequacy and effectiveness of the City's governance, risk management and internal control systems; reviewing and evaluating compliance to policies, procedures, laws and regulations; assessing the reliability and integrity of information and the safeguarding of assets;
 - Types of assurance services include but are not limited to compliance, operational, financial, forensic, technology, value-for-money and internal control audits;
 - Providing advice to management with respect to conducting risk assessments;
 - Providing consulting services related to internal controls, governance and risk management as requested by management to assist in areas such as the
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implementation of a new or revised service or system implementation/upgrade;
and

- Conducting special investigations as needed.

AUTHORITY

The Internal Auditor has the authority to conduct financial, operational, compliance and information systems audits as well as other special audits, reviews and investigations of all City departments, Mayor and Council offices and City-related boards.

The Internal Auditor—with strict accountability for confidentiality and safeguarding records and information—has full, free and unrestricted access to all activities, records, physical properties and personnel necessary in carrying out any engagement.

It is the duty of any employee of the City or City-related board having control of such records to permit the Internal Auditor or designate access and examination when requested subject to applicable legislation. Any employee of the City or related board must also fully co-operate with and make full disclosure of all pertinent information to the Internal Auditor or authorized, designated individual.

STANDARDS OF AUDIT PRACTICE

The internal audit activity governs itself by conforming to The Institute of Internal Auditors' Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing, as well as the City's relevant policies and procedures as well as the Internal Audit Procedure Manual.

INDEPENDENCE AND OBJECTIVITY

The Internal Auditor has unrestricted access to the Chairs of the Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management, internal control and governance activities may be reported.

All internal audit activities shall remain free of influence by any element of the City including matters of audit selection, scope, procedures, frequency, timing or report content to ensure auditors maintain their independence and objectivity.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. They shall not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair Internal Audit's judgement.

REPORTING RELATIONSHIP

The Internal Auditor in the discharge of their duties shall be administratively accountable to the Chief Administrative Officer and functionally responsible to the Audit Committee.

The Internal Auditor will provide a copy of all completed audit reports to the Chief Administrative Officer.

The Deputy Chief Administrative Officers will provide the Internal Auditor with an action plan to address each recommendation before finalizing a report.

RESPONSIBILITIES OF THE INTERNAL AUDITOR

1. Responsible for all internal auditing activities within City departments and related boards including:
 - a. Providing independent, objective assurance and consulting activity designed to add value and improve the City's operations;
 - b. Helping the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control and governance processes; and
 - c. Ensuring the management and coordination of fraud investigation activities within City departments.
2. Responsible for maintaining a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter;
3. Implementing the annual work plan approved by Council. If a special project is added to the work plan, the Internal Auditor will update the Audit Committee as to the impact on the annual work plan schedule;
4. Ensuring all internal audit activity performed conforms with the International Standards for the Professional Practice of Internal Auditing (ISACA) and guidelines and procedures of ISACA for information systems;
5. The Internal Auditor will meet with the Audit Chairs at least twice per year;
6. Through the Audit Committee, communicating to Council, the audit results and the status of the operating department's progress in implementing recommendations;
7. Providing all audit reports to the Chief Administrative Officer and the Executive Team with the necessary recommendations to maintain the highest standards of stewardship and due diligence over corporate assets, processes and public funds;
8. Updating the Audit Committee and the Executive Team on emerging trends;
9. Providing management with impartial and objective advice related to governance, internal controls and risk management issues;
10. Meeting with the External Auditor throughout the year as needed;
11. Maintaining an Internal Audit department quality assurance program; and
12. Confirming to the Audit Committee at least annually the organizational independence of the Internal Audit activity.

ANNUAL INTERNAL AUDIT WORK PLAN

The Internal Auditor will submit to the Audit Committee for review and approval a three-year risk-based work plan that sets out the priorities of the internal audit function that are reflective of the City's objectives, concerns and priorities; integrated and coordinated with the corporate risk assessment and strategic planning process. Input from the Executive Team will be considered when developing the audit work plan.

FOLLOW-UP MONITORING AND REPORTING

The Internal Auditor will be responsible for appropriate follow-up on audit recommendations to determine the nature and extent of action taken by management on agreed-upon recommendations and will report the results to the Audit Committee annually.
