

**GOVERNMENT OF ALBERTA  
CORPORATE INTERNAL AUDIT SERVICES  
INTERNAL AUDIT CHARTER**

**1. Mission**

The mission of Corporate Internal Audit Services ("CIAS") is to work with Ministries to provide risk-based assurance and advisory services that add value to the Government of Alberta. CIAS provides independent, objective services designed to improve the government's operations. It helps the government accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. CIAS performs consulting services beyond assurance services, to assist management in meeting its objectives. Examples include process design, training and advisory services.

**2. Authority**

The Chief Internal Auditor ("CIA") is authorized by the Internal Audit Committee ("IAC") to:

- a. Investigate any matter assigned by the IAC, requested by a Deputy Minister ("DM") or within the approved audit plan.
- b. Have unrestricted access to all functions, records, property and personnel of departments, Agencies, Boards and Commissions ("ABCs"), and the office of a member of the Executive Council unless such access is prohibited by legislation. The authority extends to the records, property and personnel of contractors where the contract provides that the Province may perform audits and where the Minister or Deputy Minister requests that CIAS conduct audits on behalf of the Province,
- c. Attend IAC meetings and have full and free access to the IAC.
- d. Allocate CIAS resources, set frequencies, select subjects, determine scopes of work and apply techniques required to accomplish audit objectives approved by the IAC.
- e. Within authority delegated by the Deputy Minister of Treasury Board ("DMTB"), request the necessary assistance of personnel in units of Ministries where audits are performed, as well as other specialized services from within or outside the government.

**3. Independence**

To provide for the independence of the internal auditing activity, CIAS staff report to the CIA, who reports functionally to the IAC and administratively to the DMTB.

The CIA will not jeopardize the independence of CIAS by permitting any auditor to:

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- a. Perform any assurance work on areas where that auditor has provided advisory service to the government or ABC or was an employee of that department or ABC within the previous year;
- b. Initiate or approve accounting transactions external to CIAS; or
- c. Direct the activities of any government employee not employed by CIAS, except to the extent such employees have been assigned to auditing teams or to otherwise assist the internal auditors.

Annually, all internal auditors will be required to sign the Internal Audit Supplementary Code of Conduct.

**4. Accountability**

The CIA shall be accountable to the IAC to:

- a. Create and maintain successful working relationships with DMs, internal government councils and others that are crucial to meeting the CIAS mandate;
- b. Report to the IAC significant issues and trends related to audit engagements conducted, including potential improvements to processes;
- c. Develop flexible annual and three-year audit plans using an appropriate risk-based methodology, including any risks or control concerns identified by the IAC and DMs, and submit these plans to the IAC for review and approval;
- d. Obtain the approval of DMC for all cross-government engagements.
- e. Implement the annual audit plan, as approved, including any special tasks or projects requested by DMs and the IAC based on risk assessment and available resources;
- f. Maintain or obtain a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of the Charter in accordance with the Public Service Act and / or the contracting authority delegated to the CIA;
- g. Issue periodic reports to the IAC, DM Council ("DMC") and other Councils summarizing results of audit activities and any significant challenges where the Council Chair indicates an interest in a specific engagement;
- h. Annually develop a three-year business plan and operating budget for review by the IAC;
- i. Annually report the results of the Balanced Scorecard to facilitate evaluation of the CIA by the IAC;
- j. Conduct special assignments; and
- k. Consider the scope of work of departmental internal auditors and of the Office of the Auditor General ("OAG") for the purpose of providing optimal audit coverage, coordinating audit work and minimizing duplication of efforts across government.

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**5. Responsibilities and Duties**

The key areas of responsibility of the CIA are:

**5.1 Internal Audit Function**

- a. Annually prepare updates as required to the IAC and CIAS charters for IAC review and approval;
- b. Report to the IAC on the adequacy of CIAS resources;
- c. Prepare the three-year and annual audit plans for IAC approval;
- d. Distribute approved audit plans to the Minister Responsible and all Deputy Ministers;
- e. Prepare business plans and operating budgets for review by the IAC;
- f. Ensure that CIAS is operating in accordance with the Internal Audit Charter;
- g. Promote the importance of the work of CIAS within the government; and
- h. Review with the IAC any difficulties encountered in the course of audit engagements, including any restrictions on the scope of work or access to required information or people, or delays by auditees.
- i. See also section 5.4 of this Charter, Scope of Audit Work.

**5.2 Monitoring and Reporting**

- a. Monitor and report to the IAC on the effectiveness of the government's internal control systems;
- b. Report to the IAC the scope of the CIAS review of risk management, control and governance systems, and significant issues and trends;
- c. For significant issues and trends arising from cross-ministry audits, recommend to the IAC assignment of the issue to the responsible DM for action;
- d. Report to the IAC on the follow-up of management action plans responding to significant issues and trends identified by the CIA; and
- e. Report progress on the audit plans, and significant issues and trends quarterly to the IAC.

**5.3 CIAS Relationship with Auditor General**

The CIA will coordinate audit work with the OAG. Duplication will be lessened through this coordination and through the OAG reliance on the work of CIAS. The CIA will facilitate this coordination and reliance by:

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- a. Meeting quarterly with the Auditor General to discuss areas of common interest;
- b. Providing the OAG with a copy of the annual and three-year audit plans and quarterly updates on the progress of the current audit plan;
- c. After discussion with the Chair and notification to affected DMs, providing the OAG with a copy of final reports of cross-government engagements on request;
- d. As agreed to with the OAG, granting access to working papers as requested by the OAG after the OAG receives the CIAS report from a Ministry or ABC; and
- e. Requesting OAG working papers, i.e. control environment and systems documentation and risk analysis.

**5.4 Scope of Audit Work**

The CIAS conducts independent and objective consulting activities designed to add value and improve Government operations. The scope of audit work is to determine whether the government's system of risk management, control and governance processes, as designed, are adequate and functioning in a manner to ensure:

- a. Risks are appropriately identified and managed;
- b. Significant financial, managerial and operating information is accurate, reliable and timely;
- c. Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- d. Resources are acquired economically, used efficiently and adequately protected;
- e. Programs, plans and objectives are achieved;
- f. Quality and continuous improvement are fostered in the government's control process;
- g. Significant legislative or regulatory issues impacting the government are recognized and addressed appropriately; and
- h. Information technology services are adequately controlled and protected by ensuring proper documentation, backup, access, cross training, controls and security.

**5.5 Audit Focus**

CIAS audit engagements will focus on areas of high risk and may include:

- a. Financial, compliance and operational audits.

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- b. Investigative assignments to assess any allegations of wrongdoing or breaches of government standards of conduct.
- c. Special audit projects, reviews or investigations at the request of the Chair of the Internal Audit Committee ("IAC") or any DM or head of an ABC.

**5.6 Support to IAC**

The CIA is the Secretary of the IAC and will provides support to the IAC as follows:

- a. The timely preparation of all meeting agendas and background materials;
- b. Coordination of any presentations and distribution of reports and / or related documents that are prepared for the IAC's information or consideration;
- c. The timely preparation and distribution of minutes of meeting proceedings; and
- d. The preparation and delivery or coordination of member orientation.

**6. Standards of Audit Practice**

- a. The CIA will establish a quality assurance program to verify that the operations of internal auditing activities meet the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors; and
- b. All auditors will comply with the Supplementary Code of Conduct for Auditors.

**7. Audit Reports**

**7.1 Distribution of Reports**

The CIA will report audit results as follows:

- a. For cross-government audit engagements, CIAS will validate the observations with individual Ministries subject to 7.4 of this Charter, and report the results to the IAC with a copy to the Deputy Minister of the central agency responding to recommendations and the chair of the appropriate Government Council (Senior Financial Officer, Human Resource Director, Chief Information Officer and / or Admin Council.;
- b. For Ministry audits, CIAS will issue a report to the DM with a copy to the executive manager responsible for the area under review and/or SFO; and
- c. For an ABC, CIAS will issue a report to the CEO with a copy to the DM of the Ministry responsible for the ABC and Chair of the Audit Committee of the ABC.

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**7.2 Freedom of Information and Protection of Privacy**

In accordance with Sections 6 (7), 6 (8) and 24 (2.1) of the *Freedom of Information and Protection of Privacy Act* (the Act), records (as defined in the Act) of the CIA are not subject to disclosure under that Act.

**7.3 Rating of Audit Results**

Reports will distinguish between key recommendations and suggestions for improvement.

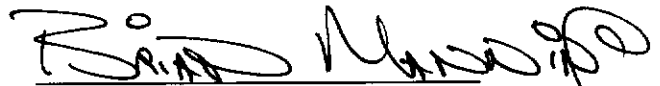
**7.4 Management Response**

The Ministry or ABC may respond to the audit report separately or have its response(s) incorporated into the audit report. If a response is not received within two weeks of the post-audit meeting, the CIA may issue the report without a management response unless there is a mutually agreed to extension.



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Daniel Stadlwieser  
Acting Chief Internal Auditor

Date: December 3, 2009



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Brian Manning  
Chair, Internal Audit Committee

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