



By-law Number 240-2004

A by-law to establish a revised Internal Audit Charter

WHEREAS it is advisable to revise the Internal Audit Charter that was approved by the Council of The Corporation of the City of Mississauga in June 1993 to reflect recent changes in the internal auditing profession and the existing services provided by the City's Internal Audit Division;

AND WHEREAS Council approved the revised Internal Audit Charter on March 10 2004;

NOW THEREFORE the Council of The Corporation of the City of Mississauga ENACTS as follows:

1. THAT the Internal Audit Charter set out in the attached Schedule 'A' to this By-law is established as the Charter of the City's Internal Audit Division in place of the Internal Audit Charter approved by Council on June 23, 1993.

ENACTED and PASSED this 9th day of June, 2004

Signed by: Frank Dale, Acting Mayor and Crystal Greer, City Clerk

SCHEDULE 'A' TO BY-LAW NUMBER 240-2004

INTERNAL AUDIT CHARTER

Mission

Internal Audit is an independent, objective assurance and consulting activity, which is established to add value and improve the City's operations.

Internal Audit's mission is to assist the City in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Values and Operating Principles

Internal Audit's values and operating principles are as follows:

- < Perform independent assessments of risk and control guided by the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors
- < Promote risk awareness and risk management throughout the City
- < Provide balanced, objective reporting on risk and control to management and the Audit Committee
- < Foster collaboration and teamwork to support management's efforts to achieve the City's objectives
- < Develop and maintain an audit team with versatile skills to respond to the needs of and to provide value to management and the Audit Committee

Scope of Work

The scope of work of Internal Audit is to assess the City's risk management, control and governance processes, as designed and represented by management, to determine whether these processes are adequate and functioning in a manner which provide reasonable assurance that:

- < Risks are appropriately identified and managed,
- < Corporate assets and funds are properly accounted for, recorded and safeguarded against losses from avoidable causes,
- < Corporate resources are acquired economically and used efficiently for the achievement of the City's programs, plans and objectives,

- < Activities of the City are in compliance with applicable federal and provincial statutes and regulations, with City goals, objectives, policies, plans, procedures, standards, regulations, by-laws and other directives of Council,
- < Financial, managerial and operating information is accurate, reliable and timely.

Internal Audit will also provide management with recommendations and advice for improvements on the risk management, control and governance processes reviewed.

Independence

To provide for the independence of Internal Audit, its personnel report to a chief internal auditor known as Director, Internal Audit. The Director, Internal Audit reports functionally to the Audit Committee and administratively to the City Manager in a manner outlined in the following section on Accountability.

The scope, direction and coverage of the audit function is under the authority of the Director, Internal Audit having regard to circumstances and the resources available.

Accountability

The Director, Internal Audit, in the discharge of his/her duties, shall be accountable to the Audit Committee and the City Manager to:

- < Report significant issues related to the adequacy and effectiveness of the City's processes for controlling its activities and managing its risks, including recommendations for improvements to those processes and management's response for implementing corrective action
- < Periodically provide information on the status of the annual audit plan and the sufficiency of Internal Audit resources
- < Coordinate with other control and monitoring functions such as risk management, compliance, security, legal, external audit.

Responsibility

The Director, Internal Audit and staff of Internal Audit have responsibility to:

- < Develop a flexible audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management and submit that plan to the Audit Committee for review and approval as well as periodic updates.
- < Implement the audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee.
- < Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- < Assess significant new or changing services, processes, operations and control processes coincident with their development, implementation and/or expansion.
- < Issue reports to the Audit Committee and management summarizing results of Internal Audit activities
- < Review new or revised Corporate and departmental policies, procedures and controls as required.
- < Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- < Act as an ongoing resource to management by providing impartial and objective advice related to control and risk management issues.
- < Assist in the investigation of significant suspected fraudulent activities in the City and notify management and Audit Committee of the results.
- < Liaise with the City's external auditors as appropriate for the purpose of providing adequate audit coverage to the City.

Authority

The Director, Internal Audit and staff of Internal Audit are authorized to:

- < Have free and unrestricted access to all operations, functions, records, property and personnel,
- < Have full and free access to the Audit Committee,
- < Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives,
- < Obtain the necessary assistance of personnel in units of the City where they perform audits or reviews, as well as other specialized services from within or outside the City.

The Director, Internal Audit and staff of Internal Audit are not authorized to:

- < Devise, develop or install systems or procedures, prepare records, make management decisions or undertake any activity which would relieve other staff of any responsibility assigned to them and which could be reasonably construed to compromise the independence of the audit,

- < Initiate or approve accounting transactions external to Internal Audit,
- < Direct the activities of any City employee not employed by Internal Audit, except to the extent such employees have been appropriately assigned to Internal Audit or otherwise to assist the internal auditors.