



THE CORPORATION OF THE CITY OF MISSISSAUGA

BY-LAW NUMBER 0065-2013

A by-law to establish a revised Internal Audit Charter

WHEREAS Council of The Corporation of the City of Mississauga by Bylaw 0240-2004 approved a Charter for the services to be carried out by the City's Internal Audit Division;

AND WHEREAS it is advisable to amend the Internal Audit Charter to reflect recent changes as reviewed and approved by the Audit Committee in March 2013;

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

1. That the Internal Audit Charter as set out in the attached Schedule A to this Bylaw is established as the Charter of the City's Internal Audit Division and that all previously approved Internal Audit Charters are repealed.
2. That Bylaw 0240-2004 is repealed.

ENACTED and PASSED this 27 day of March, 2013.

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| APPROVED AS TO FORM City Solicitor MISSISSAUGA | | | |
| <i>W</i> | | | |
| Date | 2013 | 03 | 20 |

[Signature]
MAYOR

[Signature]
Deputy CLERK

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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 Code of Ethics and the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors; the standards, guidelines and procedures of ISACA for information systems; as well as the City's relevant policies and procedures and the Internal Audit Procedures Manual;
- ▶ 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 provides reasonable assurance that:

- ▶ Risks are appropriately identified and managed;
- ▶ Key controls in mitigating risks are effective and efficient;
- ▶ 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 and Objectivity

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 and Chief Administrative Officer in a manner outlined in the following section on Accountability.

The scope, direction, timing, frequency and coverage of the audit activities and content of audit reports are under the authority of the Director, Internal Audit having regard to circumstances and the resources available.

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In the discharge of their duties outlined in the section on Responsibility, the Director, Internal Audit and staff of Internal Audit must maintain a necessary independent and objective mental attitude and must provide a balanced assessment of all the relevant circumstances in forming judgments and not be unduly influenced by their own interests or by others.

Accountability

The Director, Internal Audit, in the discharge of his/her duties, shall be accountable to the Audit Committee and the City Manager and Chief Administrative Officer 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 and work with other control, monitoring and continuous improvement functions such as legal, risk management, compliance, business improvement, security, and external audit, to promote an environment for effective governance, control and risk management.

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.

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, control or governance 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;
- ▶ Maintain a quality assurance and improvement program including ongoing

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monitoring and periodic internal assessment of the audit activity and an external assessment conducted at least once every five years by a qualified, independent reviewer outside the City;

- ▶ 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;
- ▶ Follow up on the status of outstanding audit recommendations and report to the City Manager and Chief Administrative Officer at least twice a year;
- ▶ 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.