



MISSISSAUGA

THE CORPORATION OF THE CITY OF MISSISSAUGA

INTERNAL AUDIT CHARTER

BY-LAW 0065-2013

(Amended by By-law 0048-2024)

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as the Charter of the City's Internal Audit Division and that all previously approved Internal Audit Charters are repealed.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 That Bylaw 0240-2004 is repealed.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 27TH day of March, 2013.

Signed by: Hazel McCallion, Mayor and Diana Rusnov, Deputy Clerk

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Mission

Internal Audit is an independent, objective assurance and advisory activity, which is established to add value and improve the City's operations and systems of internal controls. 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.

The Internal Audit Charter shall be reviewed by the Audit Committee periodically or as required, and any revisions recommended by the Audit Committee shall be presented to Council for approval. At the start of every term of Council the Internal Audit Charter will be presented for review, and the Internal Audit Charter will be shared when new members are appointed to the Audit Committee.

Values and Operating Principles

Internal Audit will be governed by values and operating principles that are aligned with the Institute of Internal Auditors' (the IIA) International Professional Practices Framework (IPPF), including its Core Principles, Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and guidelines and procedures of ISACA for information systems. Internal Audit will also ensure adherence to the City's relevant policies and procedures and the Internal Audit Procedures Manual.

Our values and operating principles include:

- Act with integrity and objectivity, demonstrate competence and due professional care, and ensure Internal Audit activities are free from undue influence;
- Perform independent assessments of risk and control as guided by the IIA's IPPF;
- 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 strategies and objectives;
- Develop and maintain an audit team with diverse and 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, controls and governance processes. Internal Audit determines whether these processes are adequate and functioning in a manner which provides reasonable assurance that:

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- 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;
- 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.

Authority

To ensure that the City's Internal Audit Division has sufficient authority to fulfill its duties, the Director and staff of Internal Audit are authorized by the Audit Committee to:

- Have free and unrestricted access to any and all records, operations, property and personnel relevant to the function under review, subject to accountability for confidentiality under the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA);
- Have full and free access to the Audit Committee, including private meetings without management present;
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives;
- Obtain assistance from the necessary personnel of the City, and other specialized services outside the City, in order to complete the engagement;
- Conduct audits and reviews of all City departments, third parties (subject to a right to audit clause, where applicable), and City-related boards.

Independence and Objectivity

To provide for the independence of Internal Audit, its personnel report to a Chief Audit Executive 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 Director, Internal Audit will ensure that Internal Audit remains free from all conditions that threaten the ability of the Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, direction, timing, frequency and coverage of the audit activities and content of audit reports. If the Director, Internal

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Audit determines that independence or objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

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 personal interests or by others.

The Director, Internal Audit and Internal Auditors will have no direct operational responsibility or authority for the City or City-related board, and over any of the activities audited.

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

- Devise, develop or install systems or procedures, or prepare records;
- Replace management's decisions or override management's mandates or engage in any activities that would compromise the independence of Internal Audit as determined by IIA standards and practices;
- 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;
- Assess specific operations for which they had responsibility within a one-year period.

If the Director, Internal Audit determines that independence or objectivity may be impaired, in fact or appearance, in determining the scope of the audit, performing the work, and/or communicating the results, the details of the impairment will be disclosed to the Audit Committee.

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 areas with control, monitoring and continuous improvement responsibilities to promote an environment for effective governance, control and risk management.

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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;
- Review and adjust the Internal Audit Work Plan, as necessary, in response to changes in the City's business, risks, operations, programs, systems, and controls;
- Communicate to the Audit Committee any significant interim changes to the Internal Audit Work Plan;
- Communicate to the Audit Committee the impact of resource limitations on the Internal Audit Work Plan;
- Ensure each engagement of the Internal Audit Work Plan is executed, 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 (QAIP) including ongoing 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, operations, and control processes coincident with their development, implementation and/or expansion, as requested by management;
- Issue reports to the Audit Committee and management summarizing results of Internal Audit activities;
- Follow up on the status of outstanding audit recommendations and prepare a report on behalf of the City Manager and Chief Administrative Officer up to four times a year to be provided to Audit Committee;
- Review new or revised Corporate and departmental policies, procedures and controls as required;
- Create awareness for City staff on emerging trends in governance, risk and controls;
- Ensure emerging trends and successful practices in internal auditing are considered;

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- 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 the appropriate parties of the results;
- Liaise with the City's external auditors as appropriate for the purpose of providing adequate audit coverage to the City.