

UNIVERSITY OF MANITOBA

AUDIT SERVICES CHARTER

INTRODUCTION

The Audit Services office is established by the University of Manitoba's Board of Governors. Audit Services' mission, authority, accountability, and its responsibilities are outlined in this Charter, which is approved by the Board of Governors through the Audit and Risk Management Committee (ARMC).

PURPOSE AND MISSION

The purpose of the University's Audit Services office is to provide independent, objective assurance and consulting services designed to add value and improve University operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. Audit Services assists the University to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

AUTHORITY

In accordance with the Terms of Reference for the ARMC, the Audit Services Director (Director) reports functionally to the ARMC, reporting directly to the ARMC at each meeting. The Director reports administratively to the Vice-President (Administration).

To support the organizational independence of Audit Services, the Director has full and free access to the Chair of the ARMC.

The ARMC authorizes the Director and staff to:

- Have unrestricted access to all functions, records, property, and personnel of the University, relevant to the performance of audit engagements.
- Allocate resources, set frequencies, select subjects, determine the scope of work, and apply the professional techniques required to accomplish audit objectives.
- Obtain the necessary assistance of unit personnel where audits are performed, as well as other specialized services from within or outside the University.

STANDARDS OF AUDIT PRACTICE

Audit Services adheres to the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* and the Definition of Internal Auditing.

SCOPE OF WORK

Audit Services' scope includes the entire University operation under the portfolios of the President and Vice-Presidents.

NATURE OF WORK

Audit Services undertakes objective examinations of evidence for the purpose of providing independent assessments to the ARMC on the adequacy and effectiveness of governance, risk management, and control processes. This includes evaluating whether:

- Risks related to the achievement of the University's strategic objectives are appropriately identified and managed.
- The University's ethics and values objectives, programs, and activities, including those related to identifying the potential for fraud, are appropriately promoted, designed, implemented and effective.
- Effective policies, procedures, and accountability processes are in place to ensure that strategic plans and objectives are achieved.
- Operations are being carried out effectively and efficiently.
- Financial, managerial, and operating information is accurate, reliable and timely.
- Activities are compliant with policies, procedures, standards, and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately safeguarded.

RESPONSIBILITY

Audit Services Organization

The Director is responsible to:

- Ensure the internal audit staff collectively possesses or obtains sufficient knowledge, skills and other competencies needed to meet the requirements of this Charter.
- Establish a quality assurance program over the operations of Audit Services to ensure work is conducted with due professional care and in accordance with professional standards.
- Establish and ensure adherence to policies and procedures that guide Audit Services.
- Periodically review and assess whether the purpose, authority, and responsibilities of Audit Services as set out in this Charter, continue to be appropriate, update as required, and obtain ARMC approval for any changes made.

Annual Audit Plans

The Director is responsible to:

- Develop a flexible 3-year risk-based audit plan and to submit the plan annually to the ARMC for review and approval by the Board of Governors.
- In consultation with the Vice-President (Administration), approve any urgent consulting or assurance projects arising subsequent to the approval of the 3-year audit plan, and apprise the ARMC of all additional projects, why they were undertaken, and their impact on the approved 3-year audit plan.
- Coordinate audit work with the Office of the Auditor General and any other independent assurance providers as appropriate, to ensure that maximum audit coverage is achieved, and duplication of audit effort is minimized.

Audit Engagements

The Director and staff are responsible to:

- Implement the approved audit plan, including, as appropriate, any special projects requested by the Vice-President (Administration), the President or the Chair of the ARMC.
- Manage contracted resources, as necessary, to assist in the delivery of internal audit services.
- Issue audit reports at the conclusion of each engagement to operating management for review and implementation, with copies of reports provided to the Vice-President with authority over the unit under review, the Vice-President (Administration), the President, and the ARMC.
- Conduct investigations of suspected fraud and irregularities in accordance with University policies and procedures.
- Periodically follow-up on the status of recommendations previously issued.

Periodic ARMC Reporting

The Director is responsible to:

- Issue periodic reports to the ARMC summarizing results of audit activities, any significant risk exposures and control issues or any response to risk by management that may be unacceptable.
- Track progress with respect to the implementation of audit recommendations and report progress on recommendations that address major risk exposures, to the ARMC.
- Report results of the quality assurance program to the ARMC.
- Periodically confirm to the ARMC, the organizational independence of Audit Services and conformance to the IIA's Code of Ethics and Standards.
- Keep the ARMC informed of emerging trends and practices in internal auditing.
- Disclose to the ARMC instances of any difficulties encountered in the course of the work, including any restrictions on the scope of the audit work or access to required information.

INDEPENDENCE AND OBJECTIVITY

Audit Services has complete independence with respect to the University units and functions under audit and, consequently, is not subject to restriction in the scope of its work by management. The Director will ensure that Audit Services remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director determines that independence or objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to the Vice-President (Administration) and the ARMC.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that

no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to the Vice-President (Administration) and the ARMC.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or others in forming judgements.

Internal auditors are not authorized to:

- Perform any operational duties for the University that may place staff in a conflict of interest and impair their independence.
- Initiate or approve accounting transactions external to Audit Services.
- Direct the activities of any University employees outside of Audit Services, except to the extent such employees have been assigned to assist Audit Services.

Where the Director has or is expected to have roles and responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

CONFIDENTIALITY OF ENGAGEMENT RECORDS

The Director will control access to engagement records and consult with the Vice-President (Administration), General Counsel of the Office of Fair Practices and Legal Affairs, and the Access and Privacy Office prior to releasing engagement records to external parties.

The Office of the Auditor General is provided copies of final audit reports on request.

RELATED DOCUMENTS

- Audit and Risk Management Committee Terms of Reference
- Audit Services Policy

Approval of the Audit Services Charter: November 24, 2012

Periodic ARMC review dates:

- November 5, 2013
- March 3, 2015
- March 5, 2019
- November 16, 2021
- November 15, 2022