

AUDIT SERVICES CHARTER

INTRODUCTION

The University of Manitoba's (UM) Board of Governors (Board) has established the Audit Services Office. This Charter outlines Audit Services' mission, authority, accountability, and its responsibilities, which the Board approves through the Audit and Risk Management Committee (ARMC).

PURPOSE AND MISSION

The purpose of the Audit Services Office is to enhance and protect organizational value by providing risk-based and objective assurance, advice, insight and foresight. Audit Services assists the UM to accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The internal audit function enhances the UM's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

COMMITMENT TO ADHERING TO THE GLOBAL INTERNAL AUDIT STANDARDS

Audit Services adheres to the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements.

AUTHORITY AND ORGANIZATIONAL INDEPENDENCE

The Board grants Audit Services the mandate to provide the Board and senior management with objective assurance, advice, insight and foresight.

In accordance with the Terms of Reference for the ARMC, the Audit Services 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 UM functions, records, property, and personnel, 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 when performing audits, as well as other specialized services from within or outside the UM.

Audit Services has complete independence with respect to UM units and functions under audit and, consequently, is not subject to restriction in the scope of its work by management.

ETHICS AND PROFESSIONALISM

The Director is responsible for ensuring that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the UM and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the UM and report behaviour that is inconsistent with the UM's ethical expectations.

OBJECTIVITY

The Director will ensure that Audit Services remains free from conditions that threaten the ability of internal auditors to fulfill their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director identifies an impairment to independence or objectivity either in fact or appearance, the Director will disclose the details 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 they make no quality compromises, 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 examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid undue influence by their own interests or others in forming judgements.

Internal auditors may not:

- Perform any operational duties for the UM 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 UM employees outside of Audit Services, except to the extent such employees are assisting 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.

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 staff conduct work with due professional care 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 projects arising subsequent to the approval of the 3-year audit plan, and apprise the ARMC of all additional projects, why undertaken, and their impact on the approved 3-year audit plan.
- Coordinate audit work with other independent assurance providers as appropriate, to ensure maximum audit coverage, and to minimize duplication.

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 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 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 UM policies and procedures.
- Periodically follow-up on the status of recommendations previously issued.

Periodic ARMC and Senior Management 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 unacceptable management response.

- 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 Global Internal Audit 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.

SCOPE OF WORK

Audit Services' scope includes the entire UM operations. UM subsidiaries, such as UM Properties, are not in scope.

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:

- Identifying risks related to the achievement of the UM's strategic objectives and ensuring they are appropriately managed.
- Promoting the UM's ethics and values objectives, programs, and activities, including those related to identifying the potential for fraud, and ensuring appropriate design and effective implementation.
- Assessing if effective policies, procedures, and accountability processes are in place to ensure achievement of strategic plans and objectives.
- Assessing if operations are effective and efficient.
- Reviewing processes that ensure financial, managerial, and operating information is accurate, reliable, and timely.
- Assessing if activities are compliant with policies, procedures, standards, and applicable laws and regulations.
- Assessing if acquisition of resources is economical, and if use of resources is efficient and sustainable, and that adequate safeguards are in place.

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 Director provides copies of final reports to the Office of the Auditor General on request.

RELATED DOCUMENTS

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

Approved by the Board of Governors at its meeting on (DATE).