

# Government of Alberta

## Internal Audit Committee Charter

### 1. Purpose and Scope of Responsibility

The Internal Audit Committee (IAC) is a decision-making committee whose purpose is to provide a structured, systematic oversight of the government's governance, risk management and internal control practices. The IAC provides the Deputy Minister Executive Council (DMEC) and the Deputy Minister Council (DMC) independent, objective advice and guidance on:

- a. The adequacy of the government's risk management, control and governance systems; and
- b. The performance of Corporate Internal Audit Services (CIAS).

### 2. Committee Membership

#### 2.1 Composition

The IAC will consist of no more than eight members, including the Chair, as follows:

- a. The Deputy Minister of Treasury Board and Finance, who shall chair the IAC,
- b. The Deputy Minister of Public Service Commission and Public Service Commissioner (who shall serve as Vice-Chair),
- c. Up to three additional Deputy Minister members appointed by the Chair,
- d. A representative from Executive Council, and
- e. Two individuals who are not employees or officers of the Government of Alberta (external members) to be selected to provide an independent viewpoint.

#### 2.2 Committee Members' Qualifications

The members should collectively possess sufficient knowledge of information technology systems and controls; risk identification, evaluation and management; the roles of internal and external audit; the application of accounting auditing and assurance standards; public sector reporting requirements including financial and performance reporting; and internal control, compliance activities and fraud control. Members' competencies and the overall balance of skills on the committee should be periodically evaluated to respond to emerging needs. At least one of the members must be knowledgeable about audit practices, have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards.

#### 2.3 Term of Office

A full term of office for external and the three additional Deputy Minister members is three years ("full term"). An external or additional Deputy Minister member shall normally serve no more than two full terms. However, to ensure continuity, appointment of members may be staggered.

### **3. Authority**

The IAC is established pursuant to Section 7(1) of the *Government Organization Act* and is both independent and objective in its viewpoint. It has authority to conduct or authorize investigations into any matters within its scope of responsibility and has access to management and relevant information.

### **4. Committee Meetings**

#### **4.1 Frequency**

The IAC shall meet a minimum of three times a year, with authority to convene additional meetings as circumstances require, at the call of the Chair. The IAC's meeting schedule will normally be set out one year in advance.

#### **4.2 Quorum**

The quorum for a meeting shall be the majority of the members. No alternates shall be permitted.

#### **4.3 Preparation and Attendance by Members**

The chair will establish agendas for audit committee meetings in consultation with audit committee members, senior management and the CIA.

Information will be provided to the IAC at least one week prior to each audit committee meeting.

To enhance the effectiveness of the IAC meeting, each member will:

- a. Devote the time needed to prepare for and participate in each meeting by reading the reports and background materials provided for the meeting; and
- b. Maintain an excellent meeting attendance record, either in person or by teleconference.

#### **4.4 Attendance by Non-Members**

- a. The CIA shall attend IAC meetings and act as Secretary;
- b. The CIAS' Executive Director(s) shall attend meetings at the request of the Chair or the CIA; and
- c. The Chair may invite the Auditor General of Alberta (AG) and other persons.

#### **4.5 Minutes of Meetings**

Minutes will be prepared by the CIA for approval at the next meeting. The minutes will contain a record of the persons present, decisions taken and a high-level summary of the discussion, providing insights on the topics and sub-topics discussed and the progress on Action Items.

#### **4.6 In-Camera Meetings**

The IAC will devote a portion of each meeting to a session with only committee members and the CIA present and may meet in-camera (without any non-members present) to discuss any matters that the IAC believes should be discussed privately.

## **5. Operations**

### **5.1 Access**

- a. The IAC has unfettered access to the CIA and to audit documentation and CIAS employees as may be required to fulfill its responsibilities, and
- b. The CIA has unfettered access to the IAC and to the IAC Chair and Vice-Chair.

### **5.2 Orientation, Training and Continuing Education**

- a. The role of the IAC can only be fulfilled if its members are well informed. Members shall receive formal orientation and training on the IAC's purpose and responsibilities.
- b. The IAC will encourage Ministry groups that oversee compliance and audit functions to receive training that is available to members of the IAC, including awareness of the purpose and responsibilities of the IAC.

### **5.3 Conflict(s) of Interest**

It is the responsibility of an audit committee member to disclose a conflict of interest or appearance of a conflict of interest to the committee. If there is a question as to whether audit committee member(s) should recuse themselves from a vote, the committee should vote to determine whether the member should recuse himself or herself.

### **5.4 Secretariat Support**

Under the direction of the Chair, the CIA shall provide secretariat support to the operation of the IAC. This includes:

- a. The timely preparation of all meeting agendas and background materials;
- b. Coordination of any presentations and distribution of reports and/or related documents that are prepared for the IAC's information or consideration;
- c. The timely preparation and distribution of minutes of meeting proceedings;
- d. The preparation and delivery or coordination of member orientation; and
- e. Performance of other duties as may be assigned.

### **5.5 Remuneration of External Committee Members**

External committee members may be reimbursed for travel and committee-related expenses. Remuneration rates for external committee members' time or services are established in O.C. 466/2007 Schedule 1, Part A.

## **6. Responsibilities and Duties**

The key areas of responsibility that shall be addressed by the IAC are:

### **6.1 Internal Audit Function**

- a. Internal audit charter and resources
  - i. Approve the CIAS charter. The CIAS charter should be reviewed to ensure that it accurately reflects CIAS' purpose, authority, and responsibility, consistent with the mandatory guidance of the The IIA's International Professional Practices Framework and the scope and nature of assurance and advisory services, as well

- as changes in the financial, risk management, and governance processes of the government.
- ii. Updates that do not change CIAS' purpose, authority, and responsibility or scope and nature of assurance and advisory services can be approved by the Chair of the IAC
  - iii. Review and advise the Chair on the operating budgets, expertise, and staffing levels of Corporate Internal Audit Services.
- b. CIA Performance
- i. Review and advise the Chair on the qualifications and recruitment, retention, and release of the CIA.
  - ii. Provide input to the Chair on the annual performance evaluation of the CIA.
- c. Internal Audit Strategy and Plan
- i. Review and provide input on CIAS' strategic plan, objectives, performance measures and outcomes.
  - ii. Review and approve the proposed two-year and annual risk-based internal audit plans and make recommendations concerning internal audit projects.
  - iii. Receive communications from the CIA on CIAS' performance relative to the Audit Plan and other matters.
  - iv. Institute forensic audits and other investigations.
  - v. Provide guidance and advice to the CIA, including keeping the CIA informed of strategic issues and business risks.
- d. Internal audit engagement and follow up
- i. Inquire of the CIA whether any corporate internal audit engagements or tasks have been carried out that did not result in a report to the committee. If there have been, inquire as to the matters of significance, if any, arising from such work.
  - ii. Make appropriate enquiries of the CIA to determine whether there are inappropriate scope or resource limitations.
  - iii. Inquire of the CIA whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.
  - iv. Review with the CIA any difficulties CIAS encountered in the course of its audits, including any restrictions on the scope of its work or access to required information or people.
- e. Standards of Conformance
- i. Inquire of the CIA about steps taken to ensure that the internal audit activity conforms with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.
  - ii. Ensure that CIAS is operating in accordance with the Government of Alberta Corporate Internal Audit Services Internal Audit Charter.

- iii. Ensure that CIAS has a quality assurance and improvement program and that the results of these periodic assessments are presented to the internal audit committee.
- iv. Ensure that CIAS has an external quality assurance review every five years.
- v. Review the results of the independent and external quality assurance review and monitor the implementation of CIAS' action plans to address any recommendations.
- vi. Ensure that CIAS' independence is maintained as it relates to the provision of audit services to the Department of Treasury Board and Finance by appointing a designated audit committee member other than the Chair of the Audit Committee, with whom the CIA can discuss issues of independence. .

## **6.2 Risk Management, Controls and Reporting**

- a. Understand the scope of CIAS' review of risk management, control and governance systems, and significant issues and trends reported.
- b. As a general guide, assign significant issues and trends arising from cross-ministry audits to the appropriate DM to develop an action plan and report the results to the DMC and/or applicable sub-committee within a reasonable timeframe.
- c. Ensure there are effective arrangements in place to monitor and follow-up on management action plans responding to significant issues and trends.
- d. Ensure all DMs are provided with a copy of the approved audit plan.
- e. Report progress on the audit plans, and significant issues and trends to the DMC as required.
- f. Discuss with DMC and/or applicable sub-committee the government's major policies with respect to risk assessment and risk management.
- g. Promote the importance of the work of CIAS within the government.

## **6.3 Internal Audit Relationship with Auditor General**

The IAC will verify that CIAS coordinates its audit work with the Office of the Auditor General (OAG) of Alberta by confirming that CIAS:

- a. Provides the AG with a copy of the audit plan and quarterly updates on the progress of the audit plan.
- b. Receives from the AG a copy of their audit plan.

## **6.4 Follow up on Management Action Plans**

To obtain reasonable assurance that management has acted on the observations and recommendations from CIAS, the Internal Audit Committee shall review regular reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

## **6.5 Assessment of IAC Performance**

The IAC will annually self-assess its performance with the objective of contributing to a process of continuous improvement in its execution of its responsibilities and report the results of that assessment to the Chair.



The charter, which governs the work of the committee, was reviewed and updated on July 6, 2018.

APPROVED:

Original signed by  
Lorna Rosen  
Chair, Internal Audit Committee  
on July 10, 2018