



Preamble

This document establishes the role and terms of reference of the Internal Audit function within the University of Lethbridge.

Role

The role of the Internal Audit function is to prepare independent and objective analysis of the University's financial and operating activities for the purpose of adding value and improving the effectiveness of risk management and internal control processes. This role has two primary objectives:

Assurance: To provide necessary assurance required by members of University administration and the Audit Committee to fulfill their fiduciary responsibilities, and

Service/
Consultation: To improve the effectiveness of the financial and operating activities by:

- identifying opportunities and recommending management actions in accordance with good business practices, and
- identifying risks and proposing risk mitigating solutions

The role of the Internal Audit function is also to coordinate the investigation of all allegations of fraud, in accordance with the University's Fraud Policy.

Independence and Authority

The Internal Audit Department reports administratively to the Vice President (Finance & Administration) and functionally to the Audit Committee. This organizational structure is essential to assure:

- independence from those directly responsible for activities and operations under review
- a wide and unrestricted scope of audit activity, and
- an appropriate level of attention to audit findings and recommendations.

The Internal Auditor regularly meets with the Vice President (Finance & Administration) and periodically with the Audit Committee Chair. As required, the Internal Auditor also meets with the Audit Committee, without other university personnel present, to discuss any matters that the Audit Committee believes should be discussed privately with the Internal Auditor.

The Internal Audit Department is independent from line management and has

no direct responsibility for, or authority over, any of the activities under review. In order to maintain objectivity, the Internal Audit Department cannot develop and install procedures, prepare records or engage in any other activity that s/he would audit.

The Audit Committee is responsible for appointing and terminating the Internal Auditor.

Access to Information

The Internal Audit Department is authorized to have full, free and unrestricted access to all University records (paper and electronic), systems, information, property and personnel.

Scope of Work

The scope of an internal audit may be narrow or broad, depending upon the significance of the risks and concerns associated with a particular activity or operation. This scope is not limited to financial and accounting records and may include examination and evaluation of:

- Existence, relevance and effectiveness of, and compliance with internal policies, procedures and plans as well as with external laws and regulations,
- Operating effectiveness, efficiency and economy and responsible use of resources,
- The extent to which University property and assets are accounted for and protected from losses of all kinds including fraud, waste, abuse, and inefficient administration,
- Capability and adequacy of resources and ability of information systems to produce accurate and meaningful financial and management information, and
- Adequacy and reliability of reporting and monitoring mechanisms to assess risks, performance and respond to opportunity and change.

The Internal Audit Department may perform consulting engagements that are one-time and special in nature as requested by the Vice President (Finance & Administration) and/or Audit Committee.

Professional Standards

The Internal Audit Department adheres to the Institute of Internal Auditors' (IIA) *Code of Conduct* and, as much as is reasonable and practical for its size and resources, adheres to the IIA *Standards for the Professional Practice of Internal Auditing*.

The Internal Audit Department is responsive to change and best practices within the profession.

Conduct of Work

The Internal Audit Department prepares short and long-range risk-based internal audit plans that are annually approved by the Vice President (Finance & Administration) and the Audit Committee. The Internal Audit Department reports to the Audit Committee on its activities at scheduled Audit Committee

meetings.

The Internal Audit Department prepares reports detailing the results of and recommendations arising from each audit and provides it to the applicable administrators, to the Vice President (Finance & Administration) and to the Audit Committee Chair. Summaries are provided to the Audit Committee.

The administrators and the Vice President (Finance & Administration) are responsible for ensuring that appropriate actions are taken to address and implement the recommendations. The Internal Audit Department prepares periodic follow-ups to determine the status of the implementation.

**Provision of
Internal
Audit
Information
to the
External
Auditor**

The Internal Audit Department will provide to the External Auditor, upon request, reports that have been issued to the Audit Committee Chair. The Internal Audit Department will not provide to the External Auditor, upon request, audit reports that have not been issued to the Audit Committee Chair or information about audits-in-progress without prior consultation with the Vice President (Finance & Administration) and the Audit Committee Chair.