

**Internal Audit Charter
The Corporation of the City of Windsor**

VISION

That the core values of integrity, accountability, honesty and ethical behaviour are consistently maintained throughout the corporation and that Internal Audit, through its recommendations, assists Council in meeting its roles under the Municipal Act.

MISSION

Internal Audit will support City Council and Municipal Administration in meeting their legislated responsibilities, in improving the performance of the corporation in the programs and services it delivers and in ensuring the accountability of local government to the taxpayers. Internal Audit will bring an independent, objective, professional and value-added approach in evaluating the economy, efficiency, effectiveness and equity of the results of the corporation's programs and in evaluating the appropriateness and adequacy of risk management procedures and management controls.

SCOPE AND OBJECTIVES

The scope of work for Internal Audit shall include all entities, agencies, Boards, Commissions and Trust Funds that are accountable to City Council and are owned and/or controlled by the City of Windsor. This scope includes, but is not limited to, unrestricted access to all information including documents of a financial nature or otherwise for all years under review and to all personnel for each of those entities.

Internal Audit's objectives are as follows:

- to evaluate management's processes of risk management and management controls to determine whether they are appropriate, adequate and functioning in an effective manner;
- to evaluate the accuracy, timeliness, integrity and accountability of the Corporation's systems of record keeping and reporting to its stakeholders;
- to determine whether the corporation has acted in compliance with Council's Policies and in compliance with applicable laws and regulations;
- to undertake such reviews and audits as necessary to provide assurance that the City's assets have been properly recorded and safeguarded;
- to evaluate whether the corporation's programs and services have been provided in an effective and efficient manner, to assess the accuracy, reliability and relevance of the performance information reported by management and to identify those areas where performance gaps exist; and
- to report Internal Audit's findings in these matters to the Audit Committee.

REPORTING

Internal Audit shall:

- report the findings and recommendations of the reviews, assessments and audits performed by Internal Audit directly to the Audit Committee as the Audit Committee meets throughout the year and/or at the call of the Chair. Internal Audit shall also report, on a timely basis, the findings from Internal Audit's review of items of special concern to the Audit Committee;
- report at least annually on the performance of Internal Audit regarding the annual work plan and on the budgets and work plan for the subsequent year;
- provide its findings and recommendations to the appropriate City management for discussion and to include management responses in the reports prepared for submission to the Audit Committee;
- submit other reports to both the Audit Committee and to City Administration as necessary to keep both the Committee and Administration informed of any significant developments, emerging trends and/or opportunities for improvement which could have a noticeable impact upon the City's programs or image; and
- provide objective and reliable reports in a timely and ethical manner in keeping with the Professional Standards of the Institute of Internal Auditors.

In addition, Internal Audit will be a resource for information related to risk assessment and performance measurement and will maintain an active intranet site in order to ensure research and reference material is readily available to the corporation.

INDEPENDENCE

The City Auditor shall report to the Audit Committee. The City Auditor shall have unrestricted access to the Audit Committee and may meet with the Chair of the Committee to discuss issues pertaining to the corporation. Internal Audit shall be free from interference in determining the scope of work, in performing the field work necessary and in communicating its findings.

RESPONSIBILITY

The City Auditor and staff of internal audit shall:

- provide annually, a report to the Audit Committee giving the scope of the reviews on corporate governance and all significant findings;
- provide annually, a report to the Audit Committee giving the scope of the reviews on corporate control and all significant findings;
- develop a flexible annual audit plan incorporating performance measurement and risk assessment methodology, including any risks or control concerns identified by management and/or the Audit Committee and submit that plan to the Audit Committee for review and approval;
- implement the annual audit plan as approved including, as appropriate, any additional special tasks or projects requested by management and/or by the Audit Committee;

- maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter;
- evaluate and assess significant emerging issues and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion;
- assist in the investigation of significant, suspect and irregular activities within the City and notify the appropriate management and the Audit Committee of the findings;
- perform audits of management generated performance measurements and assess the accuracy, reliability and relevance of the performance information reported;
- provide a copy of the budget for Internal Audit to the Audit Committee for their review, including professional development budgets for internal audit staff;
- ensure audit field work is conducted and reports are prepared in accordance with the Standards for the Professional Practices of Internal Auditing and Code of Ethics promulgated by the Institute of Internal Auditors as well as other professional auditing standards that may be applicable or appropriate to the nature of the work;
- ensure requests (formal and informal) from the City Manager, from the Audit Committee and/or from employees under a "concerned employee" policy regarding issues related to suspected improper activities involving City funds and/or City property are given adequate consideration and the most appropriate response; and
- follow up on management's responses to Internal Audit's recommendations to determine whether management has acted upon the recommendations accordingly.

AUTHORITY

The City Auditor and staff of Internal Audit shall be authorized to:

- have full, free and unrestricted access at all reasonable hours to all records (in both paper and electronic format), reports, property, functions, payroll records and personnel throughout the corporation including the agencies, Boards, Commissions and Trust Funds as noted in the Scope of work;
- receive any information and explanations deemed necessary to the conduct of the internal audit function;
- have full, free and unrestricted access to the Audit Committee;
- allocate internal audit resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish the audit objectives; and
- obtain the assistance of personnel in other units of the City where they perform their own internal audits, as well as obtain the services of other specialists or experts from within or outside the City where that assistance or service is necessary to the completion of the review or audit.

The City Auditor and staff of internal audit shall not be authorized to:

- perform or manage any operational duties for the City or its affiliates or make management decisions for operations in the normal course of those operations;
- initiate or approve accounting transactions external to Internal Audit; and
- direct the activities of any City employee not employed in the Internal Audit unit, except to the extent such employee has been appropriately assigned to an auditing team or to otherwise assist the internal auditors.

The internal audit review and evaluation process does not in any way relieve other persons in the organization of the responsibilities assigned to them. Responsibility for determining appropriate actions, decision making, implementation and monitoring of appropriate controls, complying with policies, procedures, laws and regulations as well as correcting deficiencies rests with the respective administrators and management.

CONFIDENTIALITY

When, in the opinion of Internal Audit, information obtained during the course of an audit may be confidential and should not be made available to the public, which also includes other employees, Internal Audit shall review this information with the City Solicitor or outside counsel, depending on the nature and severity of the issue, for a legal opinion before any further action or distribution of the report is taken. In other cases, the audit problems, findings, conclusions and recommendations shall be discussed only with the authorized representatives of the auditee prior to the distribution of the report to the Audit Committee and to the auditee and the City Manager.

MANAGEMENT RESPONSIBILITIES

The City Manager shall:

- ensure that Internal Audit is provided with the full support and co-operation of all levels of operations and management of the City and its consolidated entities and agencies;
- provide Internal Audit complete and unimpeded access to all records (in both paper and electronic format), property and personnel necessary for the performances of the audit, review or evaluation being undertaken;
- ensure a written response to the recommendations in the Internal Audit reports is submitted to the City Auditor;
- promptly inform the City Auditor of known or suspected cases of an inappropriate nature (misuse, abuse or theft) involving City funds, property and employees.

STANDARDS OF AUDIT PRACTICE

The staff of Internal Audit will continually meet or exceed the *Standards for the Professional Practice of Internal Auditing* as set out by The Institute of Internal Auditors.

City Auditor

City Manager

Audit Committee Chair

Dated _____