

## Terms of Reference Internal Audit

### 1. Introduction

Internal Audit staff support the Board, through the Audit & Risk Management Committee, in fulfilling its oversight role. The Internal Audit function provides independent, objective assurance, and consulting activity to add value and improve BC Assessment's operations. It assists BC Assessment to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, controls, and governance processes.

Mission: To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight

### 2. Accountability

The Director, Internal Audit, Planning and Risk is an employee of BC Assessment who has a dual role for internal audit and responsibility for corporate planning and risk management. For purposes of only the Internal Audit function, the position reports operationally to the Chair of the Audit & Risk Management Committee and is also accountable to the Audit & Risk Management Committee and reports administratively to Vice President & Executive Financial Officer.

Performance management of the Director of Internal Audit, Planning and Risk with reference to Internal Audit duties is the responsibility of the Audit & Risk Management Committee in accordance with the annual procedure set out in **Annexure A**.

### 3. Professional Standards

Internal Audit staff including the Vice President & Executive Financial Officer are guided by the Institute of Internal Auditors *International Professional Practices Framework (IPPF)*.

### 4. Independence

For the Internal Audit function to support the strategic direction of BC Assessment Internal Audit staff will necessarily work in a collaborative way with Management and staff. This shall not compromise the independence of Internal Audit. Internal Audit will not be restricted in the performance of its function and shall be free to accurately and completely report to the Audit & Risk Management Committee.

### 5. Authority and Confidentiality

Internal Audit is authorized to produce reports and provide advice on the basis of plans and directions approved by the Audit & Risk Management Committee. That authority requires that Internal Audit have full access to all BC Assessment records, physical properties, and staff relevant to any area under review. All employees are



expected to act reasonably to assist Internal Audit in fulfilling its function. However, should staff have any objections or concerns regarding access they may seek clarification or direction from the Chair, Audit & Risk Management Committee.

Documents and information obtained by Internal Audit will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

## **6. Duties and Responsibilities: Assurance and Control**

The primary responsibility of Internal Audit is to provide assurance to the Board that:

- Established detective, corrective and preventative internal controls are effective and complied with;
- Adequate controls exist and operate effectively to accurately report and record financial transactions;
- There are sufficient controls over cash and other assets;
- Adequate process controls exist for the acquisition and use of resources; and
- Legislative, regulatory or contractual issues are recognized and complied with

## **7. Duties and Responsibilities: Supporting Enterprise Risk Management**

Internal Audit supports BC Assessment's Enterprise Risk Management framework by ensuring that the framework as designed and represented by management, is adequate and functioning in a manner to ensure that risks are appropriately identified and managed. Internal Audit also plays a key role in coaching and advising management on the identification, evaluation and response to risk.

To develop a risk-based audit plan, internal auditor consults with senior executive and committee and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The audit plan is adjusted as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.

## **8. Duties and Responsibilities: Supporting BC Assessment's Strategic Direction**

As an important Board resource, Internal Audit plays a critical role in supporting BC Assessment's strategic direction by:

- Reviewing and advising as to whether adequate financial and operating information is provided to management for decision making and accountability;
- Reviewing whether programs are delivered in an efficient and effective manner, and results are achieved;
- Reviewing whether resources are acquired economically, used efficiently, and adequately protected.



**9. Duties and Responsibilities: Collaboration**

Internal Audit will work collaboratively with Management and staff in the performance of its function. In particular, Internal Audit will regularly consult with the Executive and the Chief Executive Officer. Internal Audit also has a role in supporting the work of the External Auditors.

**10. Duties and Responsibilities: Reporting**

Internal Audit has a responsibility to report to the Audit & Risk Management Committee at each meeting of the Committee and as directed by the Committee. Internal Audit has a responsibility to report to the Committee in a manner that is meaningful and supports the Committee in discharging its roles and responsibilities.

Audit & Risk Management Committee to have an in-camera session with internal audit during all committee meetings.

**11. Duties and Responsibilities: Roles Beyond Internal Auditing**

Where the Director, Internal Audit, Planning and Risk has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity. To accomplish this requirement, an external third party will be engaged to conduct an independent review when an audit is performed in areas that is the responsibility of Director, Internal Audit, Planning and Risk.

**12. Duties and Responsibilities: Continuing Professional Development**

Internal Auditor must enhance knowledge, skills and other competencies through continuing professional development.

**Annexure A**

<b>Performance Evaluation Process – Internal Auditor</b>		
<b>Date (on an Annual Basis)</b>	<b>Stage</b>	<b>Responsibility</b>
<b>Performance Plan – Development</b>		
March - April	Internal Auditor meets with each of the Audit & Risk Management Committee Chair, Board Chair and Vice President & Executive Financial Officer to discuss and set Key Work Goals for current year performance development plan.	Internal Auditor
April	Internal Auditor develops proposed current year performance measures and targets.	Internal Auditor
April-May	Audit & Risk Management Committee discusses current year Performance Development Plan goals and makes recommendation to the Board.	Chair of the Audit & Risk Management Committee
April-May	Audit & Risk Management Committee approves current year Performance Development Plan.	Chair of the Audit & Risk Management Committee
<b>Performance Plan – Evaluation (Year-End)</b>		
March + 1	Internal Auditor completes self-evaluation against previous year's Performance Development Plan goals and submits to Audit & Risk Management Committee.	Internal Auditor
April + 1	Survey Audit & Risk Management Committee on Internal Auditor performance for previous year.	Chair of the Audit & Risk Management Committee
All Year	Survey CEO and Executive on performance for previous year.	Completed by Executives for each audit and presented to the Committee by Internal Auditor
September & March	Obtain information on performance from Vice President & Executive Financial Officer, at mid-year and year-end.	Chair of the Audit & Risk Management Committee
April-May + 1	Previous year's performance feedback compiled, and performance evaluation finalised for recommendation to the Board.	Chair of the Audit & Risk Management Committee
April-May + 1	Chair of Audit & Risk Management Committee meets with Internal Auditor to review previous year's performance evaluation.	Chair of the Audit & Risk Management Committee