

**AUDIT MANDATE:
NORTHEASTERN ONTARIO REGIONAL INTERNAL AUDIT TEAM**

MISSION AND SCOPE OF WORK

The mission of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the following 8 school boards, hereinafter referred to as the *Northeastern Ontario region*;

- Algoma District School Board
- District School Board Ontario North East
- Huron Superior Catholic District School Board
- Near North District School Board
- Nipissing Parry Sound Catholic District School Board
- Northeastern Catholic District School Board
- Rainbow District School Board
- Sudbury Catholic District School Board

It helps the district school boards accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The regional internal audit team will provide analysis, assessment, recommendations, advice and other information concerning the activities reviewed in a manner as outlined throughout this mandate.

The scope of work of the regional internal audit team is to determine whether the network of risk management, control, and governance processes, as designed and implemented by the individual district school boards, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are defined, communicated and achieved.
- Significant legislative or regulatory issues impacting the district school boards are recognized and addressed properly.

Opportunities for improving management control and public confidence in the district school boards in the region may be identified during audits. They will be communicated to the head of the audited activity or department, as well as the director of education and audit committee of the affected district school board.

ORGANIZATION

The internal audit function follows a regional model. The function will be made up of a regional internal audit manager responsible to district school boards in the Northeastern Ontario region as named above. The regional internal audit manager will hire internal

audit staff to complete the audits in the region. The internal audit staff will report to the regional internal audit manager and the regional internal audit manager will be responsible to the audit committees in the Northeastern Ontario region. Every effort should be made to adequately staff the internal audit function, within available financial resources, in order to perform its audit activities. Internal audit staff shall maintain their technical competence through continuing education, and provisions shall be made in the team's budget to help them.

ACCOUNTABILITY

The regional internal audit manager, in the discharge of his/her duties, shall be accountable to the audit committee of each district school board within the Northeastern Ontario region to:

- Based on the audits executed during the year, provide an annual assessment on the overall adequacy and effectiveness of the district school board's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues identified related to the processes for controlling the activities of the district school board, including potential improvements to those processes, and provide information concerning such issues through to resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of team resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).
- Report any difficulties encountered in the course of the internal audit work, including any restrictions on audit scope or access to the required information.

INDEPENDENCE

To provide for the independence of the regional internal audit team, its personnel report to the regional internal audit manager, who reports administratively to the senior business official of the Sudbury Catholic District School Board (The Host Board in the Northeastern Ontario region) and functionally to the audit committees of the Northeastern Ontario region in a manner outlined in the above section on Accountability.

RESPONSIBILITY

The regional internal audit manager and staff of the regional internal audit team have responsibility to:

- Develop an annual and multi-year audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by the heads of the activities identified in the audit universe, directors of education, senior business officials, or other senior administrative personnel of the boards, and submit that plan to the audit committees for their review and recommendation to their respective boards for approval. The audit plan(s) may be subject to changes if significant issues arise that warrant immediate attention of the audit team.

- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by the senior administration of the boards, the audit committee or the Ministry of Education.
- Maintain a professional audit staff with sufficient collective knowledge, skills and experience to meet the requirements of this mandate.
- As requested and appropriate, perform consulting services, beyond internal audit's assurance services, to assist the district school boards in meeting their objectives. Examples may include training and advisory services.
- Issue periodic reports to the audit committees and senior administration of each district school board summarizing results of audit activities.
- Keep the audit committee informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of suspected fraudulent activities within the district school boards and notify the applicable personnel (specifically the Director of Education and Superintendent of Business), Audit Committee Chair and Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the district school boards.

AUDIT PLANNING

Annually, the regional internal audit manager shall submit to the director of education, senior business official and audit committee of each district school board within the Northeastern Ontario region, a summary of the audit plan (current year work schedule and multi-year plan), staffing plan, and budget for the following fiscal year. The audit plan is to be developed based on a prioritization of the audit universe using a risk-based methodology. The audit committee in each district school board shall recommend formal approval of the audit plan to their board of trustees. Any significant deviation from or major change to the formally approved audit plan shall be communicated to the director of education, senior business official and audit committee of each district school board through periodic activity reports. The audit committee shall make recommendations to the board of trustees for approval of any major amendments to the audit plan. The regional internal audit manager or any of his or her team may recommend to the Director of Education, Audit Committee Chair and Audit Committee, to initiate and conduct any other audit or review deemed necessary for potential illegal acts, fraud, abuse, or misuse of funds. Reasonable notice shall be given to appropriate personnel of the intent of audit in their areas except when conditions warrant an unannounced audit.

REPORTING

A preliminary written report recording audit findings and recommendations for improvement will be prepared and issued by the regional internal audit manager or designee following the conclusion of each audit. The head of the audited activity or department will prepare a written response to the preliminary report within 30 days of issuance. The response shall indicate what applicable actions were, or will be, taken in regard to the specific findings and recommendations noted in the preliminary report,

who is responsible for taking action, and the anticipated date of completion for each planned action. The person responsible for the audited activity or department may include other comments as deemed appropriate. The written response will become an integral part of the final report. If no response is received, the auditor will note that fact in the transmittal letter and will prepare the final report. Any subsequent responses shall be distributed to those who received the report. All papers, notes and preliminary or draft audit reports shall be held confidential and exempt from public records disclosure. The final report will be addressed to the audit committee of the affected district school board. After presentation to the audit committee, copies will be provided to the head of the audited activity or department, the person to whom this individual reports and up the chain of command to the director of education of the affected district school board. Each board of trustees will receive copies of final reports related to their respective district school boards on a frequency to be established by each board of trustees. All final reports produced by the internal audit staff shall be considered a public record upon presentation and discussion at the audit committee meeting, unless the audit committee recommends otherwise.

Internal audit shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until corrective action is implemented, implementation is verified by the internal audit staff and the finding is approved for closure by the regional internal audit manager or the audit committee.

AUTHORITY

The regional internal audit manager and staff of the regional internal audit team are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to each audit committee in the region.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the district school boards where they perform audits, as well as other specialized services or expertise from within or outside the district school boards.

The regional internal audit manager and staff of the regional internal audit team are not authorized to:

- Perform any operational duties for the district school boards within the region, including the implementation of internal audit recommendations.
- Initiate or approve accounting transactions external to the regional internal audit team.
- Direct the activities of any district school board employee not employed by the regional internal audit team, except to the extent such employees have been appropriately assigned to audit teams or to otherwise assist the internal auditors (e.g. gathering of records).

- Develop or write policies or procedures for activities that would normally be reviewed by the regional internal audit team.

Internal audit staff members shall maintain independence in attitude and appearance. Nothing herein, however, shall serve to prohibit the regional internal audit team from working in an advisory capacity in evaluating internal controls in new or existing systems and procedures. They may review draft materials, developed by district school board personnel, for propriety and/or completeness. However, the ownership of these materials remains with the department who developed them, not with internal audit personnel. An internal audit does not in any way relieve other persons in the district school board of the responsibilities assigned to them.

CONFLICT RESOLUTION PROCESS

A regional conflict resolution committee, consisting of one trustee representative from each audit committee in the region (and one additional trustee member from the audit committee of the host board, where there is an even number of boards in the region), shall be formed to facilitate resolution of any internal audit related disputes in the region that cannot be resolved through normal discussion. This committee will communicate as needed to discuss any disputes brought forward and determine potential courses of action. Each member will be entitled to one vote on their preferred resolution, with a majority vote determining the selected course of action. The decision taken by this committee will be final.

PERIODIC ASSESSMENT

The regional internal audit manager should periodically assess whether the purpose, authority, and responsibility, as defined in this mandate, continue to be adequate to enable the internal audit activity to accomplish its objectives. The result of this periodic assessment should be communicated to the audit committee of each district school board. Any updates to this mandate should be made in conjunction with the Ministry of Education.

ASSESSMENT

The senior business official of the host board of the region will assess the performance of the regional internal audit manager at mid-year and year-end. This assessment will include a self assessment, as well as feedback from each audit committee in the region, the host board's senior business official and any other ad hoc feedback received.


STANDARDS OF AUDIT PRACTICE

The regional internal audit team will meet or exceed the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors. The internal audit staff shall govern themselves by adherence to the Code of Ethics issued by the Institute of Internal Auditors.

QUALITY ASSURANCE

The audit activities of the regional internal audit team shall be subject to periodic quality assurance reviews by the Ministry of Education to determine the level of compliance with this mandate, any documented procedures and the International Standards for the Professional Practice of Internal Auditing.

The audit activities of the regional internal audit team shall also be subject to an external quality assurance review at least once every five years, in accordance with the International Standards for the Professional Practice of Internal Auditing. Such review shall be conducted by individuals possessing appropriate professional knowledge and abilities and must be independent of the district school boards in the Northeastern Ontario region. The review shall determine the level of compliance with this mandate and the International Standards for the Professional Practice of Internal Auditing. A copy of the written report of this independent review shall be furnished to the regional internal audit manager, the director of education, senior business official and audit committee of each district school board belonging to the Northeastern Ontario region. The report shall contain any recommendations to enhance the regional internal audit team's compliance with the standards, as well as any action plans developed by the team to address these recommendations. Provisions shall be made in the team's budget for the cost of this review.



Regional Internal Audit Manager



Audit Committee Chair



Director of Education

Nov 13/11

Dated