

# Enterprise Risk and Audit Services Charter

## **1. PURPOSE & DEFINITION**

Enterprise Risk and Audit Services assists the Region of Peel ("Region") in accomplishing its business objectives by providing a systematic and disciplined approach to help improve the effectiveness of risk management, control and governance processes.

The internal audit activity is an independent, objective assurance and consulting activity designed to add value and improve operations.

## **2. PRINCIPLES**

### **Professionalism**

The internal audit activity governs itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. Internal auditors are required to demonstrate quality and continuous improvement in the work they perform and communicate effectively with stakeholders.

### **Independence and Objectivity**

Internal auditors are independent of the functions they audit. Internal auditors are objective in performing their work. Enterprise Risk and Audit Services provides advice by assisting in identifying risks and working with the organization to improve control and governance but is not responsible for implementing risk mitigation strategies or performing control functions.

### **Risk Based and Client Focused**

Enterprise Risk and Audit Services is involved in all significant business processes, functions and organizational units and work with all levels of leaders to identify and assess risk, control and governance issues. It provides risk-based assurance to Audit and Risk Committee on the audit projects while facilitates insightful, proactive and future-focused risk advisory work.

### **Partnerships**

Enterprise Risk and Audit Services works with organizational units in partnership to promote a strong governance, accountability and risk management environment in the Region of Peel through assurance, consulting and advisory services.

### 3. AUTHORITY

The Director and staff of Enterprise Risk and Audit Services are authorized to:

- Have complete independence and not be restricted in the scope, performance or communication of its work. Leadership and the Audit and Risk Committee may provide general direction as to the scope of work and the activities to be audited, and may request Enterprise Risk and Audit Services to carry out special reviews or audits.
- Have unrestricted access to all records, physical properties, functions and personnel necessary to effectively discharge its responsibilities.
- Allocate resources, determine scope of work and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel within the Region of Peel where audits are performed, as well as other specialized services from within or outside the organization.
- Make changes to the annual Enterprise Audit Services Risk Based Work Plan as needed.

The Director and staff of Enterprise Risk and Audit Services are not authorized to:

- Perform any operational duties for the Region.
- Initiate or approve accounting transactions external to the Enterprise Risk and Audit Services division.
- Direct the activities of any employee in the Region not assigned to work in Enterprise Risk and Audit Services division.
- Assess specific operations for which they had responsibility within the previous two years.

In case of a Regional emergency, to the extent that redeployment of staff may be necessary to support critical functions, the Enterprise Risk and Audit Services division staff may be required to perform otherwise non-audit related duties.

#### **4. SCOPE OF WORK**

The scope of work conducted by the Director and staff of Enterprise Risk and Audit Services includes all activities of the Region of Peel and Peel Housing Corporation and their boards, authorities and agencies, as legislation permits.

#### **5. ACCOUNTABILITY**

The Director, Enterprise Risk and Audit Services is accountable to leadership and the Audit and Risk Committee to:

- Provide annually, a Corporate Risk Profile that documents the critical risks facing the Region and the mitigation strategies to manage them.
- Provide at least once per term of Regional Council a thematic based report summarizing the audit work conducted.
- Report significant issues related to the processes for controlling the Region's overall business activities, including potential process improvements and provide information through active and constructive resolution.
- Provide information on the status and results of any changes to the annual Enterprise Audit Services Risk Based Work Plan and the sufficiency of division's resources.
- Provide an annual report on fraud risk and fraud allegations.
- Confirm at least annually, the organizational independence of the internal audit activity.

#### **6. RESPONSIBILITY**

The Director, Enterprise Risk and Audit Services provides assurance services that include:

- Reviewing services and sub-services to assess the effectiveness of key controls in mitigating risk that may impact the achievement of established outcomes and objectives.
- Providing an overall opinion on the results of an audit.
- Evaluating the potential for the occurrence of fraud and how the organization manages fraud risk.

- Conducting appropriate follow up on audit observations and providing Audit and Risk Committee with an annual status report.

Other Services provided by the Director, Enterprise Risk and Audit Services include:

- Leading the investigation of suspected fraudulent activities reported to Enterprise Risk and Audit Services.
- Coordinating annually a survey about fraud risk, fraud allegations and the Region's fraud program.
- Ensuring quality and continuous improvement is promoted in the Region's risk, control and governance processes.
- Conducting consulting engagements as requested where the scope is defined by leadership or the Audit and Risk Committee.
- Providing advisory services to assist leadership in meeting its outcomes and objectives, examples include risk and control training and involvement in committees.

Enterprise Risk Management is a service that the Director, Enterprise Risk and Audit Services provides on behalf of leadership that include:

- Evaluating the risk management process within the Region to determine that risks are aligned with risk appetite or tolerances and that relevant risk management information is captured and communicated throughout the organization.
- Developing and maintaining the Enterprise Risk Management Framework, Policy and supporting tools and training and monitor their application.
- Facilitating the Enterprise Risk Management Program.

The Director and staff of Enterprise Risk and Audit Services have responsibility to:

- Develop an annual Enterprise Audit Services Risk Based Work Plan using an appropriate risk-based methodology, including any risks, control or governance concerns identified by leadership. The plan must be submitted to the Executive Leadership Team for review and the Audit and Risk Committee for approval.

- Implement the Enterprise Audit Services Risk Based Work Plan, as approved, including as appropriate any special tasks or projects requested by leadership and the Audit and Risk Committee.
- Coordinate Audit and Risk Committee operations. It is important that the Audit and Risk Committee operates in an efficient and effective fashion.
- Review the Enterprise Risk and Audit Services Charter at least annually to ensure that it is up to date and effective.
- Develop and maintain an audit and risk team with versatile skill sets in order to respond effectively to Audit and Risk Committee, Regional Council and senior leadership needs.
- Develop an Enterprise Risk and Audit Services business plan that includes strategic objectives, outcomes and performance measures and report results to leadership.

## **7. QUALITY ASSURANCE AND IMPROVEMENT**

Enterprise Risk and Audit Services will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the activity's conformance with the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing and the International Standards for the Professional Practice of Internal Auditing and an evaluation of whether the internal auditors apply the Code of Ethics. The program also will assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The Director, Enterprise Risk and Audit Services will communicate to leadership and the Audit and Risk Committee about the quality assurance and improvement program, including the results of ongoing internal assessments and the external assessments conducted at least every five years.

## **8. REPORTING RELATIONSHIPS**

- The Director, Enterprise Risk and Audit Services reports to the Commissioner, Corporate Services for administrative purposes and also has full and independent access to the Chief Administrative Officer, the Executive Leadership Team and the Audit and Risk Committee.
- The Director, Enterprise Risk and Audit Services will report to the Audit and Risk Committee at least four times a year and at other times as needed. The Charter for the Audit and Risk Committee is documented separately.