



Internal Audit Charter

Introduction

The Alberta Health Services Board has established an Internal Audit function as required by the Audit and Finance Committee Terms of Reference. The document will set out the authority and responsibility of AHS' Internal Audit Department ("Internal Audit"), Management and the Audit and Finance Committee.

Mandate of Internal Audit

The mandate of the Internal Audit is to provide independent and objective assurance, to senior management and the Board through the Audit and Finance Committee, regarding the organization's operations.

The scope of Internal Audit's work is to determine whether AHS' risk management, control, and governance processes are adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, timely and secure.
- Activities are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, operations and plans, are achieved.
- Quality and continuous improvement are fostered in the organization's control process.

Independence & Objectivity

In order that internal audit activities can be carried out objectively and that audit results receive adequate consideration, the Vice President, Internal Audit Services and Enterprise Risk Management, herein referred to as the Chief Audit Executive, reports to and is directly accountable to the Board Audit and Finance Committee.

The Chief Audit Executive reports to the Executive Vice President, Corporate Services with respect to the administrative activities of Internal Audit Services. The direction and scope of the internal audit function is under the authority of the Chief Audit Executive as determined through the Audit and Finance Committee of the AHS Board.

Authority

Internal Audit is authorized to:

- Have unrestricted and timely access to all functions, records, property, and personnel as necessary to perform their work.
- Have full access to the Board Audit and Finance Committee and the President and Chief Executive Officer or designate.

- Allocate resources, determine the scope of work, and apply the professional techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in departments of Alberta Health Services, as well as other specialized services from within or outside Alberta Health Services.

The Chief Audit Executive is also authorized to coordinate the Enterprise Risk Management policy and processes designed to facilitate a consistent approach to identifying and managing risks within the organization.

Without the approval of the Board Audit and Finance Committee, the Chief Audit Executive and Internal Audit's staff are not authorized to:

- Perform any operational duties for Alberta Health Services.
- Initiate or approve accounting transactions external to Internal Audit Services.
- Direct the activities of any Alberta Health Services employee outside of Internal Audit Services, except to the extent such employees have been appropriately assigned to assist Internal Audit Services.

Responsibility

Internal Audit will:

- Develop a risk-based plan, and submit it annually to the Board Audit and Finance Committee for review and approval. In developing the plan, internal audit will;
 - consult with the Board Audit and Finance Committee, Alberta Health Services management and the Office of the Auditor General, as part of the planning process,
 - ensure planned audit work is coordinated with other control monitoring functions within the Alberta Health Services, and
 - outline a three year plan to demonstrate coverage of higher risk areas.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the organization.
- Establish a quality assurance program over the operations of Internal Audit Services to ensure work is conducted with due professional care.
- Implement the audit plan, as approved, including, as appropriate, any special tasks or projects requested by management and/or the Board Audit and Finance Committee that do not adversely affect the plan.
- Ensure any significant changes to the audit plan are brought forward to the Board Audit and Finance Committee for review and approval.
- Track progress with respect to the implementation of audit recommendations and report progress to the Board Audit and Finance Committee
- Coordinate audit work with the Office of the Auditor General, and other audit groups as appropriate and reduce duplication of effort and overlap of work.

Management Responsibility

Management is responsible for the following:

- Defining clear objectives linked to corporate priorities, and identifying and evaluating risks which could impair their ability or that of Alberta Health Services to achieve objectives.

- Establishing a system of internal controls that provide the Board with reasonable assurance of:
 - The adequacy, reliability and integrity of financial and operating information
 - Compliance with policies, procedures, laws and regulations
 - Safeguarding of assets
 - Economical and efficient use of resources
 - Achievement of goals and objectives
- Monitoring and maintaining the effectiveness of the system of internal control.
- Fostering a control environment that demonstrates and encourages all employees and other individuals representing Alberta Health Services to carry out their duties and responsibilities in a manner that achieves the reasonable assurance outlined above.
- Provide full cooperation to Internal Audit and respond to internal audit's requests for documents, transaction evidence, electronic data and interviews on a timely basis. This is especially important during the conduct of investigations.
- Notify Internal Audit when fraud or financial irregularities are suspected. The Chief Audit Executive will work with the appropriate management groups (legal services, human resources etc.) to ensure the necessary review is conducted.
- Developing action plans and implementing the recommendations contained in audit reports or alternatives that meet the objectives of the recommendations. Lack of progress in implementing recommendations will be reported to Board Audit and Finance committee as part of the follow up responsibilities of internal audit department.

Reporting

At a minimum, the Chief Audit Executive shall report to the Board Audit and Finance Committee:

- Significant issues related to the adequacy and effectiveness of AHS' processes for controlling its activities and managing its risks, including potential improvements to those processes, and provide information concerning such issues through resolution.
- The status and results of the annual audit plan and the sufficiency of Internal Audit resources.
- Any significant difficulties encountered in the course of audits, including any restrictions on the scope of their work or access to required information.

Covenant Health

As part of its mandate internal audit will perform audit projects for Covenant Health systems. Vice President of Internal Audit and Enterprise Risk Management will report directly to the audit committee of Covenant Health in respect of these projects.

Standards of Audit Practice

Internal audit activity will meet or exceed the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.