

## **Internal Audit**

**University Policy No:** GV0220

**Classification:** Governance

**Approving Authority:** Board

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### **Purpose**

- 1.00 The purpose of this policy is to set out the mission, authority, responsibilities, and accountabilities of the University of Victoria's internal audit department.

### **Policy**

#### Purpose and Mission of Internal Audit

- 2.00 The purpose of UVic's Internal Audit department and activity is to provide risk based independent, objective assurance and consulting services designed to add value and improve UVic's operations. Internal Audit helps UVic accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.
- 3.00 The Internal Audit department reports to the Audit Committee of the Board of Governors on matters that are under the jurisdiction of the Board of Governors.
- 4.00 Internal Audit plays a strategic role in helping UVic achieve its objectives by focusing on risk management practices to ensure that organizational risks are appropriately identified and managed.

#### Authority

- 5.00 The Director, Internal Audit, in their role as UVic's chief audit executive (CAE) will report functionally to the Board of Governors Audit Committee and administratively to the Vice-President, Finance and Operations. To establish, maintain, and assure that Internal Audit has sufficient authority to fulfill its duties, the Audit Committee will:
- Approve the Internal Audit policy.
  - Approve the risk-based Internal Audit plan.
  - Approve Internal Audit's budget.
  - Approve decisions regarding the appointment and removal of the CAE.
  - Make appropriate inquiries of management and the CAE to determine whether there are inappropriate scope or resource limitations, and / or independence issues.

- 6.00 The CAE will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including in private meetings without management present.
- 7.00 With strict accountability for confidentiality and safeguarding records and information, the Audit Committee authorizes Internal Audit to:
- a. Have unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
  - b. Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
  - c. Obtain the assistance from UVic personnel, as well as other specialized services from within or outside UVic, in order to complete engagement(s) as necessary.
- 8.00 The CAE and staff of the Internal Audit department are not authorized to:
- a. Perform any operational duties for the university or its affiliates.
  - b. Initiate or approve accounting transactions external to the Internal Audit department.
  - c. Direct the activities of any university employee not employed by the Internal Audit department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Exceptions to this section for work outside the limits of this policy must be approved by the Chair of the Audit Committee with the concurrence of the Vice-President Finance and Operations.

#### Independence and Objectivity

- 9.00 The CAE will ensure that Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the CAE determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties, and appropriate recusal processes followed as necessary.
- 10.00 Internal Audit will have no direct operational responsibility or authority over any of the activities reviewed. Accordingly, Internal Audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:
- a. Assessing specific operations for which they had responsibility within the previous year.
  - b. Performing any operational duties for UVic or its affiliates.
  - c. Initiating or approving transactions external to Internal Audit.

d. Directing the activities of any UVic employee not employed by Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

11.00 Where the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

12.00 While Internal Audit's work may be risk-focused, Internal Audit does not 'own' business processes or related risks and controls, except within the Internal Audit department.

13.00 The CAE will confirm to the Audit Committee, at least annually, the organizational independence of Internal Audit. The CAE will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

#### Scope of Work / Service Lines

##### Audit

14.00 The Internal Audit department reports to the Audit Committee of the Board of Governors on matters that are under the jurisdiction of the Board of Governors. Internal Audit activities include, but are not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for UVic.

##### Advisory Services

15.00 Internal Audit can potentially engage any aspect of a university activity where it can add value, and continually identifies areas of opportunity, or receives requests from management teams and stakeholders for assistance. Internal Audit views these as opportunities for improving or maintaining management, operational, and business process controls, as well as the university's reputation. All significant observations will be communicated to the appropriate levels of management, and where / when appropriate to the Audit Committee.

##### Investigations

16.00 It is management's responsibility to inform the CAE of all suspected or known financial irregularities, allegations or issues otherwise identified of financial misconduct or misappropriations involving the university's assets, immediately upon becoming aware of such activities, as stipulated by the VPFO Financial Irregularities Response Management guidelines.

##### Safe Disclosure

17.00 IA operates the Safe Disclosure anonymous reporting mechanism at UVic, designed for the reporting of various concerns with the option to remain anonymous. IA liaises with other stakeholder groups as necessary considering the type of reports that are made.

## Responsibility

- 18.00 Internal Audit's work includes determining whether the university's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:
- a. Risks are appropriately identified and managed / mitigated.
  - b. Interactions with the various governance groups occurs as needed.
  - c. Financial, managerial, and operating data is accurate, reliable, and timely.
  - d. Employees', officers', and contractors' actions are in compliance with policies, contracts, standards, procedures, and applicable laws and regulations.
  - e. Resources are acquired economically, used efficiently, and adequately protected.
  - f. Operations are being carried out effectively and efficiently.
  - g. Programs, plans, and objectives are achieved.
  - h. Quality and continuous improvement are fostered in the university's activities.
  - i. Legislative or regulatory issues and changes impacting the university are recognized and addressed properly.
  - j. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact UVic.
  - k. Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.

## Accountability

- 19.00 The CAE shall be accountable to management and the Audit Committee to:
- a. Periodically provide an assessment on the adequacy and effectiveness of the university's processes and controls for those functions examined as part of and as outlined within the annual approved audit plan.
  - b. Report significant issues related to the processes for controlling the activities of the university and its affiliates, including potential improvements to those processes, and provide on an ongoing basis information concerning such issues through to their ultimate resolution.
  - c. Develop a flexible annual audit plan as part of a rolling multi-year audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit the plan to the Audit Committee for review and approval.
  - d. Implement the annual audit plan, as approved, including, and as appropriate, any special engagements, adjustments, or projects requested by management and the Audit Committee.
  - e. Periodically provide information on the status and results of the annual audit plan (including any changes thereto), result of IA activities, any key performance measures developed by the Audit Committee, the sufficiency of department resources and any related impacts to the approved Plan, and the ongoing professional development of department staff.

- f. Resources permitting, perform advisory or consulting services that may be requested by members of the Audit Committee or UVic management. Any related changes to the approved audit plan will be made only after consultation with the Chair of the Audit Committee.
- g. Maintain a professional audit staff with the collective knowledge, skills, experience, and professional certifications to meet the requirements of this policy.
- h. Establish a quality assurance program to guide the operation of internal audit activities.
- i. Request a Vice-President (or their designate) as well as any other senior officer of the university to attend an Audit Committee meeting to respond to the results of any completed audit engagements, or to provide the Audit Committee with a status update on the implementation of audit recommendations from previously issued audit reports.
- j. To avoid duplication and provide optimal audit coverage, periodically liaise with the external auditors and regulators, as appropriate.
- l. Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.

#### Standards of Audit Practice

- 20.00 Commensurate with the department's size, the Internal Audit department will to the extent practical and desirable, follow the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The Institute of Internal Auditor's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations.
- 21.00 The chief audit executive will report periodically to senior management and the Audit Committee regarding Internal Audit's conformance to the Code of Ethics and the Standards.

#### **Authorities and Officers**

- 22.00 The authorities and officers for this policy are:
- i) Approving Authority: Board of Governors
  - ii) Designated Executive Officer: Vice-President Finance and Operations
  - iii) Procedural Authority & Officer: Director, Internal Audit

#### **Relevant Legislation**

All [Federal](#) and [Provincial](#) legislation

#### **Related Policies and Documents**

[All University Policies](#)  
[Financial Irregularities Response Management](#)  
[BC Public Post-Secondary Accountability Framework](#)  
[Institutional Accountability Plan](#)  
[University Calendar](#)  
[University of Victoria Strategic Framework](#)