

OFFICE OF THE AUDITOR GENERAL – CHARTER

Sept. 16, 2009

The Office Of The Auditor General is a core function that assists Council. A critical component in establishing a sustainable audit function is the communication of purpose, authority and responsibility in a written charter. The charter facilitates:

- formal communication of roles and responsibilities between Finance Committee, Administrators and the Auditor General.
- periodic assessment of the adequacy of the activities of the Office Of The Auditor General
- evaluation of the function by the Finance Committee, and Council

1. PURPOSE

The Auditor General assists Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in operations.

The Auditor General's Office is an independent, objective assurance activity designed to add value and protect and enhance the economic, social and environmental well-being of present and future generations of Sudburians. The audit process assists the city in accomplishing its objectives by bringing a systematic, disciplined approach to monitor, evaluate and report on the quality of stewardship achieved through effective risk management, control, reporting and governance processes, and the achievement of value for money through effective and efficient operations, the safeguarding of assets, and compliance with laws, regulations, contracts and policies.

2. SCOPE OF WORK

The Auditor General is responsible for evaluating all programs and activities of all City departments, commissions, agencies, boards, municipally-controlled corporations, grant recipients and the offices of the Mayor and members of Council. Boards and municipally-controlled corporations included in scope are defined as those where the City holds more than 50 % of the shares or appoints more than 50 % of the members of the Board. Consistent with the Auditor General's role in assisting council over their entire scope, the Police Services Board, Library Board and Board of Health are included with the authorized scope of audit activities.

At the request of Council, the Auditor General may conduct compliance, performance, or financial audits of autonomous organizations that have an agreement with the City that contains provisions for audit by the City.

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3. INDEPENDENCE

The Auditor General reports to Council through Finance Committee and is independent of the City administration. The Auditor General must be independent from management at all times in order to be effective in executing his/her work freely and objectively.

The Auditor General shall:

- a. report directly to the Finance Committee of Council, and
- b. have no direct responsibility or authority over any operating activities and shall not relieve others of their responsibilities

The appointment of a person to the position of Auditor General may be made, suspended, or revoked only by a 2/3 majority vote of Council;

The Auditor General's audit plan is approved by Council and no deletions or amendments to the plan shall be made except by the Auditor General, other than Council may add to the audit plan by a 2/3 majority vote of Council with the approval of additional budget funding.

4. ACCOUNTABILITY

As the Auditor General is accountable for developing and delivering a program of audit work aimed at assisting Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in operations.

Duties include:

- a. To conduct, or cause to be conducted, audits on behalf of Council in the areas of financial control audits (excluding attestation on financial statements, which is the purview of the appointed External Auditors), compliance audits, and performance audits focused on effectiveness and efficiency of processes, programs and departments and designed to add value and protect and enhance the economic, social and environmental well-being of present and future generations;
- b. To report his/her findings, conclusions, recommendations to the audited parties, local management, and Finance Committee;
- c. To follow up annually on significant audit findings and recommendations to determine whether timely and appropriate corrective actions have been taken by management

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- d. To examine problems and carry out special assignments identified and recommended by the Auditor General, and further approved by a 2/3 majority resolution of Finance Committee;
- e. To submit annually to Finance Committee an updated audit plan including recommended changes to the multi-year plan;
- f. To report on the status and results of audit activities Finance Committee annually.
- g. To coordinate his/her role with other control and monitoring functions.

5. RESPONSIBILITY

Section 223.20 of the Ontario Municipal Act states that the “municipality, its local boards and the municipally-controlled corporations and grant recipients shall give the Auditor General such information regarding their powers, duties, activities, organization, financial transactions and methods of business as the Auditor General believes to be necessary to perform his/her duties”.

Auditor General’s Responsibilities

The Auditor General is responsible to:

- a. Report his/her findings, conclusions, recommendations to the audited parties, management, and Finance Committee of Council, and
- b. Coordinate audit activities with other monitoring and control functions, and
- c. Follow up annually on significant audit findings and recommendations to determine whether timely and appropriate corrective actions have been taken by management.

Management’s Responsibilities

Management have the responsibility to:

- a. Maintain adequate risk management processes and systems of controls
- b. Inform the Auditor General of significant developments, events, and changes in strategies and operating plans for the City of Greater Sudbury to ensure the Auditor General has sufficient information to deliver on his/her mandate in an effective and efficient manner.
- c. Ensure that the auditors can obtain the necessary assistance of personnel in units where audits are performed.

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- d. Provide the Auditor General and his/her staff unrestricted access to all activities, records, reports, systems, property, meetings and personnel necessary to conduct audits.
- e. Promptly respond in writing, within a time specified, to audit recommendations explaining what actions are planned, or have been taken to deal with topics identified in audit reports.

6. AUTHORITY

Section 223.19 of the Ontario Municipal Act authorizes municipalities to appoint an Auditor General.

Without limiting Part V.1, Accountability and Transparency, Sections 223.19 through 223.24 of the Ontario Municipal Act, the mandate for the Auditor General's Office is approved by Council through Finance Committee.

The Auditor General has the authority to:

- a. Have unrestricted access to all activities, records, reports, systems, property, meetings and personnel necessary to conduct audits
- b. Have full and free access to the Mayor and Council
- c. Set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives
- d. Obtain the necessary assistance of personnel in units where audits are performed. Staff of those organizations within the Auditor General's scope have a duty to co-operate with the Auditor General and to not obstruct audit activities.

The Auditor General does NOT:

- a. Perform any operational duties for the City or its affiliates
- b. Initiate or approve accounting transactions external to the Office Of The Auditor General
- c. Direct the activities of any City employee not employed by the office of the Auditor General, except to the extent that they have been assigned to an audit team, or to otherwise assist the Auditor.
- e. Devise, develop or install systems or procedures, prepare records, make management decisions, or undertake any activity which would relieve other staff of any responsibility assigned to them and which could be reasonably construed to compromise the independence of the Office Of The Auditor General.

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7. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Auditor General shall develop and maintain a quality assurance and improvement program in accordance with professional standards. The program will include internal measurements using key performance indicators reported annually and an external assessment at least every 5 years.

8. STANDARDS OF AUDIT PRACTICE

The Auditor General and staff working under his/her direction will comply with the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA).

Brian L. Bigger

Auditor General

Doug Craig

Priorities Committee Chair

As considered by Priorities Committee

On _____

Date