



Terms of Reference Internal Audit

1. Introduction

Internal Audit supports the Board, through the Audit & Risk Management Committee, in fulfilling its oversight role. The Internal Audit function provides independent and objective assurance and consulting advice to add value and improve BC Assessment's operations. It assists BC Assessment to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, controls, and governance processes.

Mission: To enhance and protect organizational value by providing independent objective assurance, advice and insight.

2. Accountability

The Manager, Internal Audit is an employee of BC Assessment who reports operationally to the Audit & Risk Management Committee Chair, is accountable to the Audit & Risk Management Committee and reports administratively to Vice President & Executive Financial Officer.

Performance management of the Manager, Internal Audit is the responsibility of the Audit & Risk Management Committee, in accordance with the annual procedure set out in Appendix A.

3. Professional Standards

Internal Audit is guided by the *Institute of Internal Auditors Global Internal Audit Standards*, which sets the principles, requirements, considerations, and examples for the professional practice of internal auditing.

4. Independence and Objectivity

Internal Audit will work in a collaborative way with Management and staff to support the strategic direction of BC Assessment without compromising independence. Objectivity is maintained as Internal Audit will have no direct operational responsibility nor authority over activities audited. Internal Audit will not be restricted in the performance of its function and shall be free to accurately and completely report to the Audit & Risk Management Committee.



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5. Authority and Confidentiality

Internal Audit is authorized to produce reports and provide advice on the basis of plans and directions approved by the Audit & Risk Management Committee. That authority requires Internal Audit to have full access to all BC Assessment records, physical properties, and staff relevant to any area under review. All staff are expected to act reasonably to assist Internal Audit in fulfilling its functions. However, should staff have any objections or concerns regarding access, they may seek clarification or direction from the Audit & Risk Management Committee Chair.

Documents and information obtained by Internal Audit will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

6. Duties and Responsibilities: Assurance and Control

The primary responsibility of Internal Audit is to provide assurance to the Audit & Risk Management Committee that:

- Established detective, corrective and preventative internal controls are effective and complied with;
- There are sufficient controls over assets;
- Adequate process controls exist for the acquisition and use of resources; and
- Legislative, regulatory or contractual obligations are recognized and complied with.

7. Duties and Responsibilities: Interaction with Enterprise Risk Management

Internal Audit will consult with Enterprise Risk Management to obtain an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The audit plan may be adjusted as necessary, in consideration to changes in the organization's business, risks, operations, programs, systems, and controls.

8. Duties and Responsibilities: Supporting BC Assessment's Strategic Direction

As an important Board resource, Internal Audit plays a critical role in supporting BC Assessment's strategic direction by:

- Reviewing whether programs are delivered in an efficient and effective manner,



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- and results are achieved; and
- Reviewing whether resources are acquired economically, used efficiently, and adequately protected.

9. Duties and Responsibilities: Collaboration

Internal Audit will work collaboratively with Management and staff in the performance of its functions. In particular, the Manager, Internal Audit will regularly consult with the Vice Presidents and the Chief Executive Officer.

10. Duties and Responsibilities: Reporting

Internal Audit has a responsibility to report to the Audit & Risk Management Committee as directed by the Committee. Internal Audit has a responsibility to report to the Committee in a manner that is meaningful and supports the Committee in discharging its roles and responsibilities.

Audit & Risk Management Committee will have an in-camera session with Manager, Internal Audit at each attendance.

Duties and Responsibilities: Roles Beyond Internal Auditing

Internal Audit will have no responsibility beyond internal auditing unless pre-approved by the Audit & Risk Management Committee with safeguards in place to maintain independence.

11. Duties and Responsibilities: Continuing Professional Development

Internal Audit must enhance knowledge, skills and other competencies through continuing professional development.

12. Duties and Responsibilities: Proficiency and Due Professional Care

Internal Audit must possess the knowledge, skill and other competencies needed to perform the responsibilities.

Internal Audit must apply the care and skill expected of a responsible prudent and competent Internal Auditor. Due professional care does not imply infallibility.

13. Duties and Responsibilities: Monitoring Progress

Internal Audit must establish and maintain a system to monitor the disposition of results communicated to Management through the audit report. On an annual basis the Internal Audit Issues and Management Action Plan (MAP) Status Update will be reported to the Audit & Risk Management Committee.



Appendix A: Performance Evaluation Process

| Performance Planning and Evaluation Process – Manager, Internal Audit | | |
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| Date (on an Annual Basis) | Stage | Responsibility |
| Performance Plan – Development | | |
| March - April | Manager, Internal Audit meets with the Audit & Risk Management Committee Chair, as well as with the Vice President Finance & Executive Financial Officer to set key work goals for current year performance development plan. | Manager, Internal Audit |
| March – April | Manager, Internal Audit develops proposed current year performance measures and targets. | Manager, Internal Audit |
| March - April | Audit & Risk Management Committee discusses and approves current year Performance Development Plan. | Audit & Risk Management Committee Chair |
| Performance Plan – Evaluation (Year-End) | | |
| All Year | Survey Executives on performance of recently completed audit engagements and present to Audit & Risk Management Committee. | Manager, Internal Audit |
| October & April | Discuss Manager, Internal Audit performance with Vice President & Executive Financial Officer, at mid-year and year-end. | Audit & Risk Management Committee Chair |
| April | Manager, Internal Audit completes self-evaluation against previous year’s Performance Development Plan goals and discuss with the Audit & Risk Management Committee Chair. | Manager, Internal Audit |
| April | Survey Audit & Risk Management Committee on Manager, Internal Audit performance for previous year. | Audit & Risk Management Committee Chair |



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| April-June | Previous year's performance feedback of Manager, Internal Audit compiled, and performance evaluation finalized for recommendation to the Audit & Risk Management Committee. | Audit & Risk Management Committee Chair |
| June | Audit & Risk Management Committee approves previous years' Internal Audit evaluation. | Audit & Risk Management Committee |
| June | Audit & Risk Management Committee Chair meets with Manager Internal Audit to review previous year's performance evaluation. | Audit & Risk Management Committee Chair |