

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

POLICY MANUAL

SECTION	Financial Management and Administration
POLICY	3500 – Internal Audit

Objective

To establish an internal audit function that fulfills an ongoing independent and objective assurance and consulting service designed to add value and improve the Legislative Assembly's governance and administrative operations. The internal audit function will assist the Legislative Assembly in accomplishing its administrative objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, policies and operations, as well as risk management, systems and internal control processes.

Authority

Legislative Assembly organizational policies are approved by the Legislative Assembly Management Committee, as per *Policy 1000 – Legislative Assembly Policy Framework*.

Key Definitions

“internal audit function” means an independent and objective assurance and consulting service that offers substantiated assessments on the design and function of the Legislative Assembly's administrative operations, risk management, internal controls, systems and governance processes;

“Legislative Assembly management” means the Clerk of the Legislative Assembly and Legislative Assembly employees holding an executive or director-level position;

“Subcommittee on Finance and Audit” refers to the subcommittee of the same name struck by the Legislative Assembly Management Committee.

1. General

- .01 It is the responsibility of Legislative Assembly management to implement sufficient controls, processes and policies to ensure that Legislative Assembly goals and objectives are attained in an effective, efficient and economical manner. The internal audit function does not relieve Legislative Assembly management of the responsibility to establish and support an adequate internal control environment.
- .02 Functional oversight of the internal audit function rests with the Subcommittee on Finance and Audit.
- .03 Administrative oversight of the internal audit function rests with the Clerk of the Legislative Assembly, subject to any direction of the Subcommittee on Finance and Audit.
- .04 All Legislative Assembly departments and operations may be subject to examination by the internal auditor.

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

POLICY MANUAL

SECTION	Financial Management and Administration
POLICY	3500 – Internal Audit

- .05 Caucuses and Members’ legislative and constituency offices are not generally subject to examination by the internal auditor. However, a Caucus Chair may make a written request to the Subcommittee on Finance and Audit that a caucus or one or more Member’s constituency office be subject to an internal audit. The Subcommittee shall consider the request and direct the internal auditor to update the internal audit plan as appropriate.

2. Appointment of Internal Auditor

- .01 The internal auditor must be independent of the Legislative Assembly and must be objective in performing their work.
- .02 A qualified internal auditor shall be selected by the Clerk of the Legislative Assembly and recommended to the Subcommittee on Finance and Audit following a competitive opportunity in accordance with *Policy 3100 – Procurement and Contract Management*.
- .03 The internal auditor shall be appointed by the Legislative Assembly Management Committee upon a recommendation of the Subcommittee on Finance and Audit.
- .04 The internal auditor shall undertake all internal auditing in accordance with the International Standards for the Professional Practice of Internal Auditing.

3. Internal Audit Plan

- .01 The internal auditor shall be responsible for developing a rolling three-year internal audit plan considering risk, impact, organizational capacity, budgets, and other relevant factors.
- .03 The internal auditor shall have full and unlimited access to records, reports, files, contracts, other documents, premises and people for the proper conduct of an audit.
- .04 The internal auditor shall have direct access to the Subcommittee on Finance and Audit, and should communicate with the Subcommittee through the Clerk to the Subcommittee.
- .05 The Clerk of the Legislative Assembly shall help inform the internal audit plan through the development and maintenance of a listing of potential internal audit areas that may be identified in the annual risk assessment process outlined in *Policy 3300 – Risk Management*.
- .06 The internal auditor shall have full discretion to recommend internal audit topic areas to the Subcommittee on Finance and Audit and to recommend prioritization of audit areas.

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA

POLICY MANUAL

SECTION	Financial Management and Administration
POLICY	3500 – Internal Audit

- .07 The internal audit plan shall be presented by the internal auditor to the Subcommittee on Finance and Audit for review and approval.

4. Reporting

- .01 The internal auditor shall brief Legislative Assembly management as appropriate on all matters arising from an audit.
- .02 Upon the completion of an audit, the internal auditor must prepare a written audit report, which shall be submitted to the Clerk of the Legislative Assembly. The Clerk of the Legislative Assembly shall, on behalf of Legislative Assembly management, provide feedback and a response to the audit findings within 20 business days of the receipt of an audit report, which shall be incorporated by the internal auditor into the final audit report.
- .03 The internal auditor must issue a final written audit report on their audit findings, which includes the Legislative Assembly management response, to the Subcommittee on Finance and Audit.
- .04 Notwithstanding section 4.03, the internal auditor may submit a written report part way through an audit if necessary, with or without a response from Legislative Assembly management, as the circumstances may warrant.

5. Monitoring

- .01 Legislative Assembly management is responsible for implementing processes and policies to address the findings and recommendations identified in an audit report.
- .02 The Clerk of the Legislative Assembly and the Executive Financial Officer shall submit a report on the status and implementation of audit recommendations to the Subcommittee on Finance and Audit annually or at other intervals as requested by the Subcommittee.

Contact

Questions regarding this policy may be directed to the Office of the Clerk at OfficeoftheClerk@leg.bc.ca.

References

Policy 3100 – Procurement and Contract Management
Policy 3300 – Risk Management

Approved and authorized by the Legislative Assembly Management Committee on June 16, 2020.

LEGISLATIVE ASSEMBLY OF BRITISH COLUMBIA POLICY MANUAL	
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POLICY HISTORY	
Version 1	May 30, 2019
Version 2	June 16, 2020