



COLLEGE OF THE NORTH ATLANTIC

OPERATIONAL PROCEDURE

TOPIC: FINANCIAL AUDIT

Procedure No.	FA-302-PR	Division	Finance/Administration
Supersedes	n/a	Board Policy Ref.	BP-FA-302B
Related Policy	FA-302	Effective Date:	June 30, 2009 (R1)

PROCEDURE

1.0 External Audit

In accordance with the College Act, 1996, the College will engage an external auditor and will submit to the Board of Governors for delivery to the Minister an official audited statement not later than July 30 of each calendar year.

The external auditor will be selected in accordance with the Province's Public Tendering Act and will be approved by the Board of Governors on the recommendation of the President.

2.0 Definition of Internal Auditing

As defined by the Institute of Internal Auditors (11A), "Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

3.0 Reporting Structure

The Internal Audit function falls under the responsibility of the Finance and Audit Committee of the Board of Governors. The department is also

responsible to the President for all activities as outlined by the approved Audit Plan.

4.0 Responsibility

- 4.1 The “Internal Auditors’ roles include monitoring, assessing, and analysing organizational risk and controls; and reviewing and confirming information and compliance with policies, procedures, and laws. Working in partnership with Management, Internal Auditors provide the Board, the Audit Committee and Executive Management assurance that risks are mitigated and that the organization’s corporate governance is strong and effective. When there is room for improvement, Internal Auditors make recommendations for enhancing processes, policies and procedures”. (As per the Institute of Internal Auditors)
- 4.2 It is Management’s responsibility for the design and/or implementation of systems of internal controls. However, Management should seek the advice of the Internal Audit Department as to the adequacy of proposed new or changes to systems of internal control.
- 4.3 College management will be responsible for ensuring that appropriate action is taken in respect of matters arising from internal and external audit recommendations.

5.0 Standards

The Internal Audit Department shall adhere to the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

6.0 Scope

The reviews undertaken by the Internal Audit Department shall include the College of the North Atlantic and all its operations including the Qatar Campus pursuant to the Qatar Campus Comprehensive Agreement.

7.0 Authority

- 7.1 The Internal Audit staff shall have full and unrestricted access to all College financial records, files, information systems records, personnel records (except to personnel records that information of a personal nature: e.g. mental, physical health, etc.) Internal Audit shall also be afforded access to all properties deemed relevant to the exercise of their functions and reasonable assistance from all personnel at the College in order to fulfil their duties.

- 7.2 In the event of disputes as to the relevance to the audit of the operations, activities, records and property, such disputes will be resolved by discussion with the President.
- 7.3 After an audit or investigation is undertaken by the Internal Audit Department, only the Manager of Internal Audit may terminate the audit or investigation prior to completion. The reasons to terminate will be discussed with the President.
- 7.4 Upon initiation of an audit involving potential or suspected fraud, the Internal Auditor shall consult with the College's General Counsel for legal advice and coordination of efforts.

8.0 Independence

The Internal Audit Department, as well as each of its members, must be independent of the activities that they audit. All activities shall be undertaken in an objective frame of mind and all reports issued shall include partial and unbiased judgements.

9.0 Management of Internal Audit

All activities will be scheduled annually, based on the comprehensive Audit Plan maintained by the Manager of Internal Audit which has been approved by the President and the Finance and Audit Committee of the Board of Governors. This schedule may be adjusted to comply with any necessary unscheduled audits that may occur from time to time through discussion with the President and Audit Committee.

10.0 Reports

The Manager of Internal Audit shall provide summaries of the individual reports together with a comparison of the audit activity versus original plan and explanations of significant variances as deemed necessary to properly inform the Audit Committee.

11.0 External Auditors

The Internal Audit Department will give due consideration to the external audit process to assist in the coordination of activities of mutual concern and to avoid duplication of effort.

12.0 Audit Process

- 12.1 The Internal Auditor will plan each audit assignment which will include a review and evaluation of the operation and management of systems,

procedures, processes and controls of the audited department as a basis for understanding and fulfilling the objectives of the review.

- 12.2 The Internal Auditor in charge will discuss objectives and scope of the review with the department/unit manager being reviewed prior to each engagement.
- 12.3 The Internal Auditor in charge will properly plan and document all audit work.
- 12.4 The Internal Auditor in charge will present audit findings and recommendations to the auditee prior to issuing an official draft report.
- 12.5 The Manager of the department or unit being audited will be required to submit a written response within 10 days of receipt of the draft report on any issues or recommendations made. The responses should include time frame for anticipated completion and action to be taken.
- 12.6 At the conclusion of each assignment, the Internal Auditor in charge will submit a written report to the Manager, a copy to the President and copies to other officials as appropriate. An executive summary will be provided to the Audit Committee at a later date.
- 12.7 The Internal Auditor in charge will follow-up to ensure the action taken on the specific recommendations made in previously issued reports has been completed.
- 12.8 The Manager of Internal Audits will periodically prepare an executive summary of internal audit activities and reports for the Audit Committee of the Board of Governors.
- 12.9 Reports shall be controlled with the distribution on a need to know basis as determined by Internal Audit. Any request outside of initial distribution will be considered through discussion with the President.

13.0 Fraud

Although the deterrence of fraud is the responsibility of management, Internal Audit has a responsibility for examining and evaluating the adequacy and the effectiveness of actions taken to fulfill that obligation. Audit procedures are limited to those considered necessary in the circumstances and would not necessarily disclose all illegal acts, fraud, intentional misstatements or errors should any exist. When assessing the adequacy of internal controls and interpreting the results of audit testing, Internal Audit considers whether the exceptions noted are indicators of fraud or have the potential to allow

irregularity. Some audit testing will be specifically designed to highlight unusual transactions for investigation, e.g. exception testing.

Internal Audit will report immediately to the President and Vice-President of Finance and Administration all cases of actual or suspected loss, theft, misappropriation or misuse of College monies or property. On receipt of such a report the Vice-President, Finance and Administration shall initiate an appropriate investigation.

Approved by: President

Original Approval: March 6, 1998

Revised: June 30, 2009