



COLLEGE OF THE NORTH ATLANTIC

OPERATIONAL PROCEDURE

TOPIC: INTERNAL AUDIT

Procedure No.	FA-302-PR-2	Division	Finance and Administration
Supersedes	n/a	Board Policy Ref.	GP-F-403; GP-RR-904
Related Policy	FA-302	Effective Date	May 13, 2025

PROCEDURE

1.0 Internal Audit

College of the North Atlantic (CNA) will maintain an Internal Audit Office (the Office) that will perform quality reviews of its operations.

2.0 Definition of Internal Auditing

As defined by the Institute of Internal Auditors (IIA), "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 Committee of the Board of Governors. The Office is also responsible to the Vice President of Finance and Administration for all activities as outlined by an approved Quality Plan.

4.0 Responsibility

4.1 Internal Auditor

The Internal Auditor is responsible for:

- 4.1.1 Evaluating CNA's risks management practices;
- 4.1.2 Reviewing CNA's business processes;
- 4.1.3 Ensuring CNA adheres to all applicable laws and acts;
- 4.1.4 Assessing CNA's internal and administrative controls and providing recommendations for improvements or adjustments;
- 4.1.5 Confirming measures exist to protect CNA's resources;
- 4.1.6 Reporting the results of audit procedures and providing recommendations to management;
- 4.1.7 Following up on management's actions on recommendations made; and
- 4.1.8 Preventing improper conduct and fostering ethics within CNA.

4.2 Management

Management is responsible for:

- 4.2.1 Designing and/or implementing systems of internal and administrative controls. However, management should seek the advice of the Office as to the adequacy of proposed new or changes to systems of internal and administrative controls; and
- 4.2.2 Ensuring that appropriate action is taken in respect of matters arising from internal audit recommendations.

5.0 **Authority**

- 5.1 The Office shall have full and unrestricted access to all CNA financial records, information systems records, and staff records (except staff records of a personal nature; e.g., mental and physical health). The Office shall also be afforded access to all properties deemed relevant to the exercise of their functions and reasonable assistance from all staff at CNA in order to fulfill their duties.
- 5.2 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 Vice President of Finance and Administration.

- 5.3 After an audit or investigation is undertaken by the Office, only the Vice President of Finance and Administration may terminate the audit or investigation prior to completion.
- 5.4 Upon initiation of an audit involving potential or suspected fraud, the Office shall consult with the Vice President of Finance and Administration and CNA's General Counsel for legal advice and coordination of efforts.

6.0 Independence

- 6.1 The Office 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.
- 6.2 If independence or objectivity could be, or perceived as being, compromised, the Office must make the disclosure and appropriate measures must be taken.

7.0 Management of Quality Plan

All activities will be scheduled annually, based on the comprehensive Quality Plan maintained by the Office and the Vice President of Finance and Administration which has been approved by the President and the Finance 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 Vice President of Finance and Administration and the Finance Committee of the Board of Governors.

8.0 Reports

Regular reporting to the Finance Committee of the Board of Governors will include an update on each year's Quality Plan including explanation of variances. Summaries of individuals reports for plan activity for CNA campuses will be provided upon request. Summaries of plan activity performed by an external provider will be made to the Finance Committee of the Board of Governors upon completion of work and receipt of final report.

9.0 External Auditors

The Office 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.

10.0 Audit Process

- 10.1 The Office 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.

- 10.2 The Office will discuss objectives and scope of the review with the area manager being reviewed prior to each engagement.
- 10.3 The Office will properly plan and document all audit work.
- 10.4 The Office will present audit findings and recommendations to the auditee prior to issuing an official draft report.
- 10.5 The area manager being audited will be required to submit a written response within 10 working 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.
- 10.6 At the conclusion of each assignment, the Office will submit a written report to the area manager and copies to other officials as appropriate.
- 10.7 The Office will follow-up to ensure the action taken on the specific recommendations made in previously issued reports has been completed.
- 10.8 The Vice President of Finance and Administration will prepare an executive summary of internal audit activities and reports for the Finance Committee of the Board of Governors.
- 10.9 Reports shall be controlled with the distribution on a need to know basis as determined by the Internal Auditor and the Vice President of Finance and Administration. Any request outside of initial distribution will be considered through discussion with the Internal Auditor and the Vice President of Finance and Administration.

11.0 Fraud

Although the deterrence of fraud is the responsibility of management, the Office 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 and administrative controls and interpreting the results of audit testing, the Office 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).

The Office will report immediately to the Vice President of Finance and Administration and CNA's General Counsel on all cases of actual or suspected loss, theft, misappropriation, or misuse of CNA monies or property. On receipt of such a report the Vice President of Finance and Administration shall initiate an appropriate investigation.

Approval History	
Approved by President	May 13, 2025