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Internal Assurance Charter

August 2004

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Internal Assurance Charter

PURPOSE

The Internal Assurance Charter creates the Office of Internal Assurance at the Provincial Health Services Authority (“PHSA”).

On behalf of the Board of Directors (the “Board”) and the Chief Executive Officer (“CEO”), this Charter grants authority and responsibility to the Office of Internal Assurance. It establishes the principles and framework to govern the purpose, scope, and standards of Internal Assurance services.

The Terms of Reference for the Audit and Finance Committees should be consulted for further details regarding their relationship to the Office of Internal Assurance.

SCOPE

The scope of coverage of Internal Assurance services is broad and may report on any aspect of the PHSA, excluding clinical risk. The scope encompasses all of the activities and operations of the PHSA, its Agencies, and all programs associated with it, including any contracts, grants, provisions for goods and services, or any other types of business relationships with any third parties.

INTERNAL ASSURANCE OBJECTIVES

A service and advisory support role, Internal Assurance has the following objectives:

- Provide independent support for the effective operation of the internal control system;
- Ensure financial and operational risks are understood and appropriately managed;
- Promote the establishment of best practices;
- Identify opportunities for pragmatic efficiency and effectiveness improvements, primarily in internal controls and risk analysis;
- Advise on matters regarding internal controls and risk management;
- Provide leadership to key decision-makers in the identification of business, finance and control risks;
- Advise stakeholders regarding risk mitigation;
- Monitor and evaluate risk management procedures and internal controls;
- Provide financial, operational, and comprehensive assurance services;
- Support the corporate governance and public accountability process; and,
- Communicate collaboratively with key stakeholders.

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INDEPENDENCE, OBJECTIVITY, AND INTEGRITY

Independence, objectivity, and integrity are the foundation of an effective internal assurance role.

Independence is achieved through organizational reporting, status, and effective communication. To best achieve the highest degree of independence, Internal Assurance reports directly to the Chair of the Board and the CEO.

A dual reporting role, the office of Internal Assurance has an ultimate duty to the Board of Directors. Functionally, the office reports to the Chair of the Board, whom may in turn delegate some reporting responsibilities to either or both of the Audit and Finance Committees of the Board. Internal Assurance also reports administratively to the CEO. In special circumstances only, Internal Assurance may report only to the Chair of the Board and/or the Board of Directors. The Board must approve any key changes to the Internal Assurance function, personnel, or budget.

All individuals providing internal assurance services must remain independent of the activities they evaluate. They must not assume strategic or operating responsibilities beyond their departmental areas. All individuals involved in assurance services must avoid, on a best efforts basis, and report to the CEO and/or Chair of the Board any situations in which a conflict of interest or bias in objectivity is present or may be reasonably perceived as such by a third party.

Essential to the effective operation of internal assurance services, the office of Internal Assurance will be granted unrestricted and confidential access to the CEO, the Audit and Finance Committees, the Chair, and the full Board. The director of the Internal Assurance department will be invited to attend all regular meetings of the Audit and Finance Committees and granted confidential access to Board and other Committee meetings upon request.

The office of Internal Assurance owes a duty of care to the Board, its Committees and the Chair to disclose all relevant information with honesty and candour. All internal assurance employees must deliver their conclusions with the objective of acting in the best interests of the PHSA.

AUTHORITY

Internal Assurance reports directly to the Chair of the Board and the CEO.

All individuals providing internal assurance services are authorized to have full, free and unfettered access to all activities, functions, property, personnel, records, accounts, contracts, legal correspondence, files, minutes, and any other documentation in any form whatsoever, of the PHSA, its Agencies, and any related programs.

Information obtained is to be used strictly for the purpose of providing assurance services.

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PROFESSIONAL STANDARDS

The Office of Internal Assurance will conduct its activities and reach its conclusions in accordance with this Charter; applicable generally accepted professional standards; appropriate Canadian legislation and regulations; established PHSA policies and procedures; contractual obligations; and emerging best practices in health care or other industry peers.

Relevant professional standards include, where appropriate:

- The Institute of Internal Auditors – Standards for the Professional Practice of Internal Auditing;
- Information Systems and Control Association – Statement on Information Systems Auditing Standards;
- Canadian Council on Health Services Accreditation;
- The Canadian Institute of Chartered Accountants Accounting Recommendations;
- The Institute of Internal Auditors – Code of Ethics; and,
- Applicable Code(s) of Conduct for individuals with professional designations or accreditations.

In addition, all individuals providing assurance services are to:

- Be professionally certified or accredited or enrolled in a professional program, and maintain their status in good standing;
- Have an appropriate level of experience and education;
- Maintain their competence through the proactive enrollment in continuing education programs;
- Act proactively and constructively;
- Communicate with stakeholders regarding assurance processes, findings and recommendations, on the most collaborative basis feasible and appropriate; and,
- Exercise due professional care.

RESPONSIBILITIES

The Office of Internal Assurance is responsible for the fulfillment of Charter objectives. To effectively lead and manage internal assurance services, an Internal Assurance Director will be appointed by the Board, in conjunction with the participation of the CEO. While it is a senior role, the Internal Assurance Director will have no direct responsibility for strategic and operational activities.

The Internal Assurance Director's general responsibilities will include:

- Assisting and supporting the CEO and the Board with developing an Internal Assurance Charter, a multi-year strategy, and annual operational plan(s) for the Office;
- On a collaborative basis with the Board, the CEO, senior management, and other primary stakeholders, establishing a risk-assessment plan and program, assessing priorities consistent with the PHSA objectives and available resources, and supporting management's requests for assistance;

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- Proactively communicating internal assurance services to stakeholders;
- Developing policies regarding consulting and special services;
- Developing a process for reporting and issue resolution and escalation, including the distribution of findings and reports to stakeholders and the follow up of related recommendations;
- Establishing an independent and direct relationship with the external auditors;
- Advising stakeholders of findings and recommendations regarding significant risks, performance and governance issues, and opportunities; and,
- Developing a system of quality assurance and performance evaluation for the Office.

Any illegal or fraudulent acts or acts of which the legality or legitimacy is questioned should be immediately reported by a representative of the Internal Assurance Office to the Chair of the Board, the CEO, and the Chair of the Audit and Finance Committee, and then secondarily to the appropriate supervisor/manager.

A service and advisory support role, Internal Assurance has no direct authority over and for any of the operational and strategic activities of the PHSA and its Agencies.

Management Responsibilities

The assurance services performed are of an advisory and support nature only, and do not relieve any management, staff, or directors of their responsibilities.

Management, staff, consultants/contractors, and other service providers are required to cooperate with Internal Assurance and respond to findings and reports on a timely basis. Management is responsible for ensuring that appropriate actions are taken to address Internal Assurance recommendations.