



# Directive on Internal Audit

Published: 2023-07-31

© His Majesty the King in Right of Canada,  
as represented by the President of the Treasury Board, 2023,

Published by Treasury Board of Canada, Secretariat  
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT66-25/2023E-PDF  
ISBN: 978-0-660-67753-8

This document is available on the Government of Canada website at [www.canada.ca](http://www.canada.ca)

This document is available in alternative formats upon request.

Aussi offert en français sous le titre : Directive sur l'audit interne

# Archived [2023-06-14] - Directive on Internal Audit

---

## This page has been archived on the Web

Information identified as archived is provided for reference, research or recordkeeping purposes. It is not subject to the Government of Canada Web Standards and has not been altered or updated since it was archived. Please contact us to request a format other than those available.

## 1. Effective date

- 1.1 This directive takes effect on April 1, 2017.
- 1.2 This directive replaces the following Treasury Board policy instruments:
  - Directive on Internal Auditing in the Government of Canada (April 1, 2012)
  - Internal Auditing Standards for the Government of Canada (October 1, 2012)

## 2. Authorities

- 2.1 This directive is issued pursuant to the authorities indicated in section 2 of the Policy on Internal Audit.

## 3. Objectives and expected results

- 3.1 The objectives indicated in section 3 of the Policy on Internal Audit apply to this directive.
- 3.2 The expected results indicated in section 3 of the Policy on Internal Audit apply to this directive.

## 4. Requirements

- 4.1 The chief audit executive is responsible for the following:
  - 4.1.1 Applying the Institute of Internal Auditors' International Professional Practices Framework in the department, unless the framework is in conflict with the Treasury

Board Policy on Internal Audit or this directive; if there is a conflict, the policy or directive will prevail;

- 4.1.2 Establishing at least annually, and updating as required, a departmental risk-based audit plan that: spans multiple years; focuses primarily on providing assurance services; is recommended by the departmental audit committee and approved by the deputy head; and which considers the following:
  - 4.1.2.1 Departmental areas of high risk and significance;
  - 4.1.2.2 Horizontal audits led by the Comptroller General;
  - 4.1.2.3 Planned audits led by external assurance providers and other departments as appropriate; and
  - 4.1.2.4 Other oversight engagements, including, where the necessary expertise and capacity are in place, the option to provide consulting services to the organization, as a supplement to the assurance role and in accordance with the Institute of Internal Auditors' International Professional Practices Framework.
- 4.1.3 Ensuring that the deputy head and the departmental audit committee are aware of the resource requirements for the internal audit function and the impact of resource decisions;
- 4.1.4 Ensuring the timely completion of internal audit engagements;
- 4.1.5 Reporting at least annually to the deputy head on whether the actions scheduled by management in response to audit recommendations, both internal and external, have been implemented; and
- 4.1.6 Ensuring that internal auditors have the appropriate qualifications, skills, and opportunities to maintain and develop their internal auditing competencies.

## **5. Roles of other government organizations**

- 5.1 Not applicable.

## **6. Application**

- 6.1 This directive applies to the organizations as listed in section 6.1 of the Policy on Internal Audit.

## 7. References

### 7.1 Legislation

- Access to Information Act (section 22)
- Financial Administration Act (section 16)
- Privacy Act (sub-section 8(2)h)
- Public Service Employment Act (section 30)

### 7.2 Related policy instruments

- Foundation Framework for Treasury Board Policies
- Policy on Communications and Federal Identity (subsections 6.3.1, 6.3.2, 6.3.4, 6.3.5 and 6.3.7)

## 8. Enquiries

8.1 For interpretation of any aspect of this directive, contact [Treasury Board of Canada Secretariat Public Enquiries](#).

8.2 Individuals from a departmental internal audit group may contact [Internal Audit Enquiries](#) for interpretations.

---

## Appendix A: Mandatory Procedures for Internal Auditing in the Government of Canada

### A.1 Effective date

A.1.1 These procedures take effect on April 1, 2017.

A.1.2 These procedures replace the Internal Auditing Standards for the Government of Canada (October 1, 2012).

### A.2 Procedures

A.2.1 These procedures provide details on the requirements set out in section 4 of the Directive on Internal Audit.

A.2.2 Internal audit in the federal public administration is carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework and the following mandatory procedures:

- A.2.2.1 Departments must undertake internal audits of programs or services that are identified by the Comptroller General of Canada or the Secretary of the Treasury Board.
- A.2.2.2 Results of internal audit engagements must be finalized in a written report. An internal audit engagement report is considered completed when:
  - A.2.2.2.1 It sets out the engagement's objectives, scope and context, the criteria applied in the audit, the risks and opportunities for improvement identified by the audit, the recommendations, the statement of conformance, and the management response to recommendations;
  - A.2.2.2.2 It has been reviewed and recommended by the departmental audit committee to the deputy head for approval; and
  - A.2.2.2.3 It has been approved by the deputy head.
- A.2.2.3 Departments must meet public reporting requirements as prescribed by the Comptroller General of Canada and using Treasury Board of Canada Secretariat prescribed platforms, including:
  - A.2.2.3.1 Performance results for the internal audit function; and
  - A.2.2.3.2 A list of planned audit engagements for the coming fiscal year.

## **Appendix B: Mandatory Attributes of the Composition and Operations of Departmental Audit Committees**

### **B.1 Attributes**

- B.1.1 These attributes provide details on the requirements related to audit committees set out in section 4 of the Policy on Internal Audit.
- B.1.2 Mandatory attributes are as follows:
  - B.1.2.1 Departmental audit committees are to reflect Canada's diversity in terms of gender, official languages, Indigenous Canadians, minority groups and regional representation;
  - B.1.2.2 Committee members are to execute their duties as described in section 4.5 of the Policy on Internal Audit. The Comptroller General of Canada

has prescribed a list of the areas of management for committee review and established detailed responsibilities for each. These areas are:

- Values and ethics
- Risk management
- Management control framework
- Internal audit function
- External assurance providers
- Follow-up on management action plans
- Financial statements and public accounts reporting
- Accountability reporting

- B.1.2.3 Committee members are to be familiar with financial reporting or are to become familiar with such reporting within the first year of their appointment. At least one external member is to be a financial expert holding a professional accounting designation in good standing, unless an exception is granted by the Comptroller General of Canada;
- B.1.2.4 Committee members from within the federal public administration are to be limited to individuals at the level of deputy head, unless an exception is granted by the Comptroller General of Canada;
- B.1.2.5 The chair of the departmental audit committee is to be from outside the federal public administration unless an exception is granted by the Comptroller General of Canada;
- B.1.2.6 An external member of a departmental audit committee is to serve no more than two terms and up to a maximum of six years. A single term must not exceed four years;
- B.1.2.7 Departments are to disclose proactively remuneration and expenses (including travel and hospitality) of individual external departmental audit committee members, in the time and manner prescribed by the Comptroller General of Canada; and
- B.1.2.8 Audit committee members must disclose all new activities, interests or appointments in order for the department to assess whether they may impair, or be seen to impair, the member's ability to discharge his or her duties in an independent and objective manner. This should be done at least annually and for the duration of the member's term.

## Appendix C: Definitions

Definitions to be used in the interpretation of this directive can be found in the appendix section of the Policy on Internal Audit.

**Date modified:** 2017-04-01