

Chapter 11
Role of Internal and External Audits

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11.0 POLICY STATEMENTS

Audit of the Public Accounts of Yukon is performed by the Auditor General of Canada in accordance with the requirements of the *Yukon Act* (Secs. 34 (1)).

The *Financial Administration Act*, Section 9(1), directs the Commissioner in Executive Council to appoint the Internal Auditor. The Internal Auditor has the authority to audit the records of the Government in relations to all financial matters, including financial management, control and reporting. The Internal Auditor also has the authority to audit the organization, general management and operations of departments and the extent of their compliance with legislation and directives of the Management Board.

The General Administration Manual Policy #1.13 defines scope, roles and responsibilities and process of the internal audit function. Management Board Directive #20 provides direction on the procedure for dealing with responses to external audit reports.

11.1 INTRODUCTION

Audits in the Yukon Government are seen as two distinct functions: internal and external. The external audit is performed by the Auditor General of Canada who is required by the *Yukon Act* to render an opinion on the Public Accounts and also to comment on any other matter within the scope of his examination. With this mandate the audit addresses the reliability of the Government's accounts.

The internal audit function examines systems and procedures and the organization, management and operation of departments.

11.2 ROLE OF THE AUDITOR GENERAL OF CANADA

Yukon Act

Sections 31 to 37 of the *Yukon Act* provides for the preparation, audit and submission to the legislature of the Yukon Public Accounts. Sections 34 to 37 of the *Yukon Act* established the role and power of the Auditor General of Canada as follows:

"34.(1) The Auditor General of Canada shall audit the accounts, including those related to the Yukon Consolidated Revenue Fund, and financial transactions of the Yukon Government in each fiscal year in accordance with auditing standards recommended by the Canadian Institute of Chartered Accountants or its successor and shall express his or her opinion as to whether

- (a) the consolidated financial statements present fairly, in all material respects and in accordance with accounting principles recommended for the public sector by that Institute or its successor, the financial position of the Yukon Government as at the end of the fiscal year and the results of its operations in, and changes in its financial position for, the fiscal year; and
- (b) the transactions of the Yukon Government that have come to the notice of the Auditor General in the course of the audit are within the powers of the Yukon Government under this or any other Act.

(2) The Auditor General shall report to the Legislative Assembly any matter falling within the scope of the audit that, in his or her opinion, should be reported to the Assembly.

35. The Auditor General of Canada may, at any time, inquire into and submit a supplementary report to the Legislative Assembly about any matter relating to the activities of the Yukon Government, including whether

- (a) accounts have not been faithfully and properly maintained or public money has not been fully accounted for or paid, where so required by law, into the Yukon Consolidated Revenue Fund;
- (b) essential records have not been maintained or the rules and procedures applied have been insufficient to safeguard and control public property, to secure an effective check on the assessment, collection and proper allocation of the revenue and to ensure that expenditures have been made only as authorized;
- (c) money has been expended for purposes other than those for which it was appropriated by the Legislature or has been expended without due regard to economy or efficiency; or
- (d) satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented.

11.2 (CONTINUED)

36. At the request of the Commissioner, made with the consent of the Executive Council, the Auditor General of Canada may, if in his or her opinion it does not interfere with the Auditor General's primary responsibilities, inquire into and report to the Legislative Assembly on

- (a) any matter relating to the financial affairs of the Yukon Government or to public property in Yukon; or
- (b) any person or organization that has received or is seeking financial aid from the Yukon Government.

37.(1) For the purposes of carrying out the Auditor General of Canada's functions under this Act, the Auditor General has all the powers that he or she has under the *Auditor General Act*.

(2) Except as provided by any law made by the Legislature that expressly refers to this subsection, the Auditor General is entitled to free access at all convenient times to information that relates to the fulfillment of his or her responsibilities and is entitled to require and receive from the public services of Yukon any information, reports and explanations that he or she considers necessary for that purpose."

11.3 ROLE OF INTERNAL AUDIT

Please refer to the General Administration Manual, Policy #1.13.