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# Audit Charter

Audit Directorate, Oversight and Investigations Sector

## Purpose

This Charter defines the authority, mandate, scope, auditing standards, independence, roles and responsibilities for the Audit Directorate of the Oversight and Investigations Sector to conduct audits on behalf of the Public Service Commission (the Commission or PSC (Public Service Commission)) in accordance with the Public Service Employment Act (PSEA).

## Authority

The PSEA (Public Service Employment Act) provides the PSC (Public Service Commission) with the mandate to conduct audits <sup>1</sup>. This Charter outlines the basis and provides direction for the PSC (Public Service Commission)'s Audit Directorate to conduct audits on behalf of the Commission <sup>2</sup>.

This Charter sets out the requirements that shall apply to the Audit Directorate in the conduct of these audits.

The PSC (Public Service Commission)'s Audit Directorate, on behalf of the Commission, shall have access to facilities, information, documents, oral and written evidence, and other things deemed necessary to carrying out oversight engagements approved by the Commission <sup>3</sup>. The Audit Directorate is responsible for the confidentiality and safeguarding of records and information.

## Audit mandate

The PSC (Public Service Commission) has responsibility for the integrity of public service appointments and safeguarding a non-partisan, merit-based and representative public service. This is accomplished in part, through the undertaking of audits and other oversight activities.

The PSC (Public Service Commission)'s audit mandate, as defined in the PSEA (Public Service Employment Act), provides authority to conduct audits on any matter within its jurisdiction. The audit mandate provides system-wide assurance and an assessment of the effectiveness of staffing processes to achieve a merit-based, non-partisan public service that is drawn from across the country, is representative of Canada's diversity and able to serve the public with integrity and in the official language of choice. The PSC (Public Service Commission)'s audit mandate also includes the undertaking of audits to determine whether there are biases or barriers that disadvantage persons belonging to any equity-seeking group. These audits provide objective information, advice, and assurance to Parliament, and ultimately Canadians, on the integrity and fairness of appointments in the public service.

Audits can be performed on the delegated and non-delegated aspects of the PSC (Public Service Commission)'s mandate. Audits may examine the appointment activities of PSEA (Public Service Employment Act)

organizations as delegated by the PSC (Public Service Commission) to deputy heads. Audits may also examine non-delegated aspects of the PSEA (Public Service Employment Act) such as investigations and political activities. In generalized terms, the requirements and impact of the audit mandate relates to PSC (Public Service Commission) authority as provided in the PSEA (Public Service Employment Act).

Depending on the area under review, PSC (Public Service Commission) audits may also inform and benefit organizations that fall outside of the PSC (Public Service Commission)'s jurisdiction. In this case, outside organizations who use or are impacted by the policy, system or process under review may learn from the findings and follow the recommendations of the audit.

The Audit Directorate undertakes a range of audits and other oversight activities to provide assurance on staffing compliance and information regarding the performance of the staffing system. In general, compliance audits are conducted to provide assurance that staffing policies and legislation are being followed. Performance audits are undertaken to provide information on how efficiently and effectively intended staffing results are being achieved. Consulting work, such as advisory services requested by deputy heads, may be considered where appropriate and when these engagements contribute to the effective oversight of the staffing system. As with all audit engagements, any consulting engagements would need to be approved by the Commission.

Appointments and organizational staffing systems may be examined from a number of perspectives including respect for merit, non-partisanship, core staffing values, official languages, and issues that impact equity-seeking groups, as well as any other aspect of the PSC (Public Service Commission)'s *Appointment Policy* and *Appointment Delegation and Accountability Instrument*. PSC (Public Service Commission) audits may

examine associated areas such as HR policies and plans, classification, employment equity and others to examine the factors and causes that affect staffing decisions or cause systemic barriers in the appointment process.

## Scope

The scope of audit work includes any matter within the jurisdiction of the PSC (Public Service Commission) in the PSEA (Public Service Employment Act).

PSC (Public Service Commission) audits can include in their scope any organization where it has delegated staffing authority to deputy heads under the PSEA (Public Service Employment Act). While PSC (Public Service Commission) audits will not include in their scope organizations that fall outside its jurisdiction, it is noted that the reach of the audit work may impact and inform these organizations.

The Audit Directorate's audit mandate includes the PSC (Public Service Commission) itself, as an organization to which the PSEA (Public Service Employment Act) applies under delegated staffing authority. The audit scope includes assessments of the efficiency and effectiveness of the PSC (Public Service Commission)'s overall direction to organizations on policies and procedures for safeguarding the integrity of the appointment process as examined in the conduct of audit engagements. However, for the Audit Directorate the scope of work will not include PSC (Public Service Commission)'s internal business operations and processes as these are the responsibility of the internal audit function to review.

# Auditing standards

Subject to the audit authority of the PSEA (Public Service Employment Act), the Audit Directorate will adopt the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors to guide its overall audit programme and delivery including the quality assurance and improvement function. The mandatory elements of the IPPF are: the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

Where helpful and practical the Audit Directorate will also incorporate guidance from other recognized professional bodies including the International Organization of Supreme Audit Institutions' standards on performance auditing (ISSAI 3000) and the Chartered Professional Accountants Canada's standards on assurance (Direct Engagements – CSAE 3001).

## Independence

In order to properly discharge its audit responsibilities to provide assurance on government-wide staffing it is necessary for the Audit Directorate to avoid taking on roles that would impair or perceive to impair its independence, objectivity and neutrality <sup>4</sup>.

To further contribute to system-wide oversight, the PSC (Public Service Commission) may work jointly with other Central Agencies and departments in the conduct of audit engagements within the PSC (Public Service Commission)'s jurisdiction. To share best practices and ensure consistency for the conduct of audits, the Audit Directorate may also provide advice, tools, and support to internal audit functions in the conduct of their staffing-related audit engagements.

In all cases where work is conducted jointly with other organizations, the Audit Directorate must ensure its role is clearly defined and appropriate safeguards are in place in order not to jeopardize its real or perceived independence.

# Roles and responsibilities

## Commission

The Commission (comprised of the PSC (Public Service Commission)'s President and other Commissioners) has responsibilities related to safeguarding a public service based on merit and non-partisanship and that is representative of Canada's diversity. This is accomplished in part through the undertaking of audits and other oversight activities.

The Commission is responsible to:

- a. Review and approve at least annually the priority and risk-based audit plan;
- b. Approve audit and other oversight engagement reports, including recommendations and the associated management responses directed at the PSC (Public Service Commission), other departments and deputy heads;
- c. Approve audit engagement plans including the objectives, scope and methodology to be employed;
- d. Review and approve the progress made on follow-up actions taken in response to audit recommendations by the PSC (Public Service Commission) and deputy heads;
- e. Review and approve the results of the external audit quality review and track the progress of the Audit Directorate on any recommendations made; and

- f. Review and approve the Audit Charter at least once every two years.

## **Vice-President, Oversight and Investigations Sector**

The Vice-President oversees all aspects of system-wide oversight at the PSC (Public Service Commission) including audit, investigations and data services. The Vice-President is accountable to the Commission to conduct audits in accordance with the requirements set out in this Charter and is accountable to the President of the PSC (Public Service Commission) for the overall performance of the Audit Directorate.

The Vice-President Oversight and Investigations Sector is responsible to:

- a. Ensure that the Audit Directorate completes the engagements approved by the Commission in the priority and risk-based audit plan;
- b. Ensure that a quality assurance and improvement plan is in place and to oversee the conduct of an external quality review at least once every five years;
- c. Allocate sufficient resources from the sector budget, considering recommendations from the Commission, to undertake the work of the priority and risk-based audit plan and the quality and assurance programme; and
- d. Provide guidance and advice on the development of the priority and risk-based audit plan and throughout the planning, examination and reporting stages of the individual audit engagements.

## **Director General, Audit Directorate**

The Director General, Audit Directorate is accountable to the Commission for the conduct of approved audit engagements according to professional audit standards and to the Vice-president, Oversight and Investigations Sector for the overall performance of the Audit Directorate.

The Director General Audit is responsible to:

- a. Prepare a priority and risk-based audit plan for review at least annually by internal PSC (Public Service Commission) governance and for approval by the Commission;
- b. Carry out audit and other oversight engagements as per the approved priority and risk-based audit plan, or as requested by the Commission;
- c. Provide regular updates on progress made in achieving the plan to the Vice-President, the President and the Commission on engagements underway and to seek approval from the Commission for any adjustments that may be required to the plan in-year;
- d. Develop a plan for each audit engagement including objectives, scope of work and the methodologies required and to seek the input of the Vice-President and the Executive Management Committee and the approval of the Commission;
- e. Consult at the planning and reporting stages of the audit with the responsible sector and appropriate Director General Advisory Committee;
- f. Ensure that audit reports are provided for review and feedback with the Executive Management Committee and other central agency partners as appropriate and to secure management responses and action plans for all recommendations;
- g. Present audit reports complete with management responses for the review and approval of the Commission;
- h. Follow up regularly on progress made on actions taken in response to audit recommendations by the PSC (Public Service Commission) and deputy heads and to report these results to the Commission;
- i. Communicate engagement results through an approved outreach strategy including as appropriate, central agencies, participating departments and agencies and external parties;



- j. Plan and implement a quality assurance and improvement programme, including the conduct of an external review at least once every five years, to ensure that all audit work is undertaken in accordance with professional auditing standards;
- k. Ensure the confidentiality and safeguarding of records and information gathered in the course of audit engagements and planning exercises;
- l. Ensure that the audit function remains free from all conditions that threaten the ability of auditors to carry out their responsibilities in an unbiased manner and to report on audit independence at least annually to the Commission;
- m. Ensure that the audit function collectively possesses the qualifications, knowledge, skills, and other competencies or acquires external resources as needed to carry out its engagements; and
- n. Review the Audit Directorate's Audit Charter, at least once every two years, and to seek the input of the Vice-President, President and Executive Management Committee and the approval of the Commission for the Charter.

**Approved by the Commission on November 17, 2022**

# Footnotes

- 1 As per Section 11 b) of the PSEA (Public Service Employment Act), the Commission has the mandate to conduct investigations and audits in accordance with the PSEA (Public Service Employment Act).
- 2 Section 17 of the PSEA (Public Service Employment Act) gives the Commission the authority to conduct audits on any matter within its jurisdiction and on the exercise, by deputy heads, of their authority under subsection 30(2). It also provides the power to conduct audits to determine whether there are biases or barriers that disadvantage persons belonging to any equity-seeking group.
- 3 As per s.18 of the PSEA (Public Service Employment Act), in conducting an audit, the Commission has all the powers of a commissioner under Part I of the Inquiries Act. In addition, s.135 of the PSEA (Public Service Employment Act) states that deputy heads and employees shall provide the Commission with any facilities, assistance, information, and access to their respective offices that the Commission may require for the performance of its duties.
- 4 Adapted from the IIA's professional practice standard 1112.

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**Date modified:**

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