

## Internal Audit Charter

### 1. Introduction

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of University College Cork ('the University'). It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the university's governance, risk management, internal control. It remains the duty of management, not the auditor, to operate an adequate system of internal control.

### 2. Governing Body Policy Statement

The University recognises the significant contribution to good governance and effective internal control made by an efficient and effective internal audit function. The University pledges its full support to the Internal Audit Service in discharging the authorities and responsibilities contained in this Charter and undertakes to provide adequate resources to the Internal Audit Service to properly discharge its function.

### 3. Role

The Internal Audit Service is established by Audit & Risk Committee, a sub-committee of the Governing Body of the University. Its responsibilities are defined by the Governing Body as part of their oversight role.

The Head of Internal Audit has a right of direct access to the Chairperson of Governing Body, the Chairperson of the Audit & Risk Committee and the President in the performance of his/her duties.

### 4. Authority

The Internal Audit Service with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the University's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit Service activity in fulfilling its roles and responsibilities.

All of the University's activities, funded from whatever source, fall within the remit of the Internal Audit Service, which is not confined solely to financial matters. Internal Audit will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management have taken the necessary steps to achieve these objectives.

The Internal Audit Service may conduct any special reviews requested by the Governing Body, Audit & Risk Committee or the President, provided such reviews do not compromise its objectivity, independence or achievement of the approved audit plan.

## **5. Staffing and Resources**

The Internal Audit Service will be led by the Head of Internal Audit and will be adequately resourced with a team of suitably qualified internal auditors. The Internal Audit Service will be given the multidisciplinary resources it requires to adequately discharge its responsibilities (including, where necessary access to technical resources).

## **6. Organisation**

The Head of Internal Audit reports functionally to the Audit and Risk Committee and administratively (i.e. day to day operations) to the President of the University. The Head of Internal Audit should have direct access to the Chairperson of the Audit & Risk Committee and Chairperson of the Governing Body.

## **7. Role of the Audit & Risk Committee**

The Audit & Risk Committee will:

- Approve the internal audit charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Head of Internal Audit on the internal audit activity's performance relative to its plan and other matters.

## **8. Independence and Objectivity**

The Head of Internal Audit will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent attitude.

The Head of Internal Audit will have no direct operational responsibility or authority over any of the activities audited.

Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgement.

The Internal Auditor Service will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

The Internal Audit Service will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

## **9. Responsibility**

The scope of audit activities will be determined using appropriate risk assessment tools to ensure adequate coverage of risks and exposures and will consider the special needs of management.

Specifically, the scope of activities of the Internal Audit Service is to ascertain that the processes for controlling operations, as they have been designed and represented by management, are adequate and functioning.

The Internal Audit Service has responsibility to:

- Develop and maintain a strategic audit plan covering a three-year period based on significant exposures to loss or failure and submit that plan to the Audit & Risk Committee for approval.
- Consider the scope of work and liaise with external auditors for the purpose of providing optimal audit coverage.
- Implement the audit plans as approved, including any value for money auditing and special projects assigned by the Audit & Risk Committee or requested by senior management.
- Disseminate Best Practice Guidelines.
- Report significant issues relating to the processes for controlling the activities of the university arising from the internal audit work undertaken.
- Issue reports to the Audit & Risk Committee addressing the results of audits conducted summarising observations and recommendations made.
- As part of findings follow-up reviews, Internal Audit will monitor and report to management and the Audit & Risk Committee on progress towards the implementation of agreed audit recommendations.
- Provide an annual opinion to the Audit & Risk Committee (within 3 months of the end of the financial year) on the adequacy and effectiveness of the whole system of internal controls within the University, and the extent to which the Governing Body may rely on it.
- Meet with the Audit & Risk Committee during the course of the year to obtain approval for the annual audit plan and secondly to present reports to the Audit & Risk Committee on audits carried out.
- Evaluate and assess controls coincident with the introduction of major changes to systems.
- Provide technical assistance to management to assist in the investigation of suspected fraudulent activity within the university.
- If deemed appropriate by the Chief Officer, its remit may extend to systems being developed and it may provide advice on control and related matters arising, without prejudicing its right to subsequently audit such systems.

## **10. Internal Audit Plan**

At least annually, the Internal Audit Service will submit to the Audit & Risk Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next reporting year. The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Governing Body.

The Internal Audit Service will review and adjust the plan, as necessary, in response to changes in the university's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management.

The programme will have the following objectives:

- a) to appraise progressively the soundness, adequacy and application of the whole internal control system;
- b) to ascertain the extent to which the system of internal control ensures compliance with established policies and procedures;
- c) to ascertain the extent to which the assets and interest entrusted to or funded by the University are properly controlled and safeguarded from losses arising from fraud, irregularity or corruption;
- d) to ascertain the integrity and reliability of financial and other information provided to management including that used in decision making;
- e) to ascertain that systems of control are laid down and operate to promote the economic, efficient and effective use of resources;
- f) to ascertain that accounting and other information is reliable as a basis for producing accounts and for financial and other returns;
- g) confirm compliance with laws, regulations, government guidelines and EU requirements;

In achieving its objectives the Internal Audit Service should:

- a) identify all elements of control systems on which it is proposed to rely, and establish a review cycle;
- b) evaluate those systems, identify inappropriate or inadequate controls and recommend improvements in procedures and practices;
- c) ascertain that those systems of control are laid down and operate to promote the most economic, efficient and effective use of resources;
- d) draw attention to any apparently uneconomical or otherwise unsatisfactory result flowing from decisions, practices or policies;
- e) liaise with external auditors and the Office of the Comptroller and Auditor General (OCAG).

## **11. Reporting and Monitoring**

A written report will be prepared and issued by the Internal Audit Service or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the UCC President & Audit & Risk Committee. The internal audit report includes management's response and corrective action taken or to be taken in regard to the specific findings and recommendations.

Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The adequacy of the response provided by management will be considered by Internal Audit, the UCC President and by the Audit & Risk Committee. Where responses provided by management are not appropriate, relevant management will be invited to discuss the findings and associated risk directly with the Audit & Risk Committee.

The Head of Internal Audit will periodically report to senior management and the Audit & Risk Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its internal audit plan.

Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Governing Body.

The responsibility for the prevention and detection of irregularity and fraud rests with management and this responsibility is fulfilled mainly through the implementation and the continued operation of an adequate system of internal control. The Internal Audit Service which has responsibility to ensure that the audit programme and methodology take due account of the possibility of fraud, will investigate all cases of fraud or suspected fraud uncovered and make recommendations to improve any weaknesses in controls associated with such cases, if necessary

## **12. Quality Assurance**

The Head of Internal Audit is fully committed to quality and conducts its business within the framework of applicable professional standards, laws, regulations and internal policies. It also recognises that these standards, laws, regulations and policies cannot govern all types of behaviour. As a result, the Internal Audit Office adopts the Code of Professional Conduct of the Institute of Internal Auditors (which includes a Code of Ethics). This code provides a broad range of guidance about the standards of quality, integrity and professional behaviour it continually strives to deliver.

In performing its work, Internal Audit will align with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (Standards).

## **13. Approval**

Internal Audit Activity Charter

Approved : 26<sup>th</sup> September 2023